97-84029-12

U.S. Congress. House.

Opening certain naval radio stations for...pts. 1-3

Washington

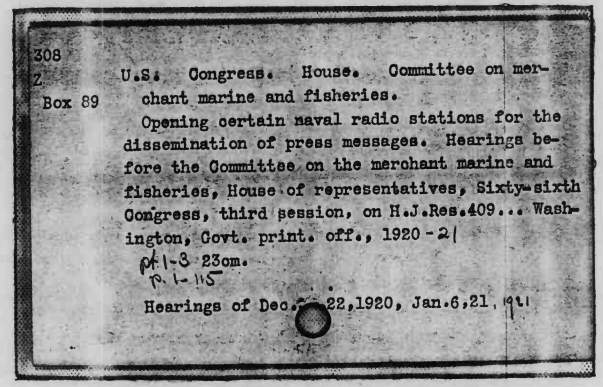
1920-21

97-84029-12
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD


308
Z
Box 89
U.S. Congress. House. Committee on merchant marine and fisheries.
Opening certain naval radio stations for the dissemination of press messages. Hearings before the Committee on the merchant marine and fisheries, House of representatives, Sixty-sixth Congress, third session, on H.J.Res.409... Washington, Govt. print. off., 1920 - 2 |
pt 1-3 23cm.
p. 1-115
Hearings of Dec. 22,1920, Jan.6,21,

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 2-27-97 INITIALS: MS, KLB

TRACKING # : MSH 21993, 21998, 22221

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Part 1

OPENING CERTAIN NAVAL RADIO STATIONS FOR THE DISSEMINATION OF PRESS MESSAGES

302
Z
Box 89

HEARINGS

BEFORE THE

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-SIXTH CONGRESS
THIRD SESSION

ON

H. J. RES. 409

PART 1

WEDNESDAY, DECEMBER 22, 1920

WASHINGTON
GOVERNMENT PRINTING OFFICE
1920

25758

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-SIXTH CONGRESS.

WILLIAM S. GREENE, Massachusetts, *Chairman.*

GEORGE W. EDMONDS, Pennsylvania.
FREDERICK W. ROWE, New York.
FRANK D. SCOTT, Michigan.
WALLACE H. WHITE, JR., Maine.
FREDERICK R. LEHLBACH, New Jersey.
SHERMAN E. BURROUGHS, New Hampshire.
CHARLES F. CURRY, California.
EDWIN D. RICKETTS, Ohio.
CARL R. CHINDBLOM, Illinois.
FRANK CROWTHER, New York.
CLIFFORD E. RANDALL, Wisconsin.
WILLIAM N. ANDREWS, Maryland.
RUFUS HARDY, Texas.
PETER J. DOOLING, New York.
LADISLAS LAZARO, Louisiana.
DAVID H. KINCHELOE, Kentucky.
WILLIAM B. BANKHEAD, Alabama.
WILLIAM C. WRIGHT, Georgia.
EWIN L. DAVIS, Tennessee.
THOMAS H. CULLEN, New York.

RENE G. DE TONNANCOUR, *Clerk.*

Apr 21 1921.

OPENING CERTAIN NAVAL RADIO STATIONS FOR THE DISSEMINATION OF PRESS MESSAGES.

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Wednesday, December 22, 1920.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene (chairman) presiding.

The CHAIRMAN. We have a hearing on House joint resolution 409, introduced by Mr. Britten. We are ready to hear from you, Mr. Britten. The resolution reads as follows:

[House joint resolution 409, Sixty-Sixth Congress, third session.]

JOINT RESOLUTION To authorize and direct the Secretary of the Navy to open certain naval radio stations for the dissemination of public information.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy be, and he is hereby, authorized and directed, so far as is consistent with the transaction of Government business, to permit the use of the radio stations under the control of the Navy Department for the transmission and reception of press messages between ship and shore, for the benefit of the general public, under regulations prescribed by him, and he shall fix the rates for such service, subject to control of such rates by the Interstate Commerce Commission, at a rate not less than the cost of service to the Navy Department; and the receipts for such service shall be turned into the Treasury as miscellaneous receipts.

SEC. 2. That the Secretary of the Navy be, and he is hereby, authorized and directed to permit the use of naval high-power radio stations, under the regulations prescribed in section 1, for the transmission and reception of press messages bwteen stations and other stations in the United States or its Territories, and between these stations and stations in foreign countries; and the Secretary of the Navy may, and he hereby is, authorized to enter into contracts for a duration of time of not more than one year for the expeditious dissemination of such public information.

SEC. 3. That dispatches designated as "press" shall include all dispatches which are written or filed by newspapers or press associations or their accredited correspondents, and which are intended for general public information, and shall also include messages of instruction or information regarding the writing, transmission, or publication of such dispatches or regarding the general gathering of news.

SEC. 4. That all stations owned and operated by the Government, except as herein otherwise provided, shall be used and operated in accordance with the provisions of the act of Congress entitled "An act to regulate radio communications," approved August 13, 1912, and that all acts or parts of acts in conflict with the provisions of this act are declared null and void after the passage of this act.

STATEMENT OF HON. FRED A. BRITTEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS.

Mr. BRITTEN. Mr. Chairman and gentlemen, regarding this delegation of gentlemen who came in with me this morning, I would like to say to the committee that they are Mr. C. McD. Puckette, managing editor of the New York Evening Post; Mr. Marlen E. Pew, of the International News Service; Mr. George Hargreaves, of the Universal Service; Mr. Carter Field, of the New York Tribune; Mr. Wilton Snyder, of the New York Herald; Mr. Eugene J. Young,

telegraph editor of the New York World; Mr. Percy Bullen, of the London Morning Telegraph; Mr. J. Elfreth Watkins, of the Philadelphia Public Ledger; Mr. Joseph Pierson, of the Chicago Tribune—who, by the way, is chairman of the American Publishers' Committee on cable and radio communications, and on that committee is every prominent newspaper and every prominent press association in America, with the exception of the Christian Science Monitor, I believe—, Mr. J. A. Furay, of the United Press, and Mr. Walter S. Rogers, American secretariat.

These gentlemen have come to my office this morning because they knew this bill was set for a hearing to-day. I have talked with one or two of your members and your chairman and there seems to be some aversion to giving the Navy Department any very special consideration. I want to state to you gentlemen that I did not talk with the Navy Department about this bill, or to the Secretary, or to any member of the Navy until this morning, when I called up Admiral Bullard and asked him if he could come before your committee at half-past 10. So that this is not a Navy Department bill, but is a bill proposed by these gentlemen and Mr. Britten, who are before you to-day.

The bill is intended to remove restrictions which I am sure you gentlemen will be glad to remove when you understand its object It is not a bill to put the Navy Department or the Government into active competition with any radio company, but the condition that exists now in the acquirement of news from abroad is this: These gentlemen, of course, are interested in getting news by radio. The cables are jammed. Many of the radio stations in this country and on the other side are not running full time. They would like to accommodate this news service, but it can not be done because the Secretary of the Navy is only authorized to accept and transmit this service when the Secretary of Commerce tells him he may. And the Secretary of Commerce won't tell him he may until the American Radio Association tells the Secretary of Commerce that it or they can not handle the business. Last week the American Radio Association got in communication with the Secretary of Commerce and told the secretary they could not handle this news business; that they would rather conduct the commercial business, because it pays better. And the cable companies are in favor of this kind of a bill, or the removal of this restriction, because it will give the cables an opportunity to get more commercial business and the commercial business pays much more money. They do not want their cables jammed by the news service.

Last week the radio associations communicated with the Secretary of Commerce and said, "We can not handle that business; tell the Secretary of the Navy he may." So the Secretary of the Navy is now handling the news service between America and France for these various associations. It is being parceled out under a very satisfactory arrangement. But to-morrow or next week the radio associations here may say "We can handle that news service now," and notify the Secretary of Commerce that they are ready to care for the news service. So that their activity is intermittent and irregular and these gentlemen can not send a man out into a certain field to get news unless they know in advance he is going to be able to get the news back. And they are getting news now from Germany 24 hours late, and getting news from London from 8 to 24 hours late. And while that is going on there are radio towers in this country standing idle, as well as on the other side, that could be used for the transmission of the news.

Mr. HARDY. You mean the radio companies' facilities are not adequate?

Mr. BRITTEN. Yes, sir; their facilities are not adequate and the naval radio stations are not being operated. In other words, the Secretary of the Navy may be able to set aside certain hours of the day for the transmission of news.

Mr. HARDY. Do I understand you to say that the privately owned and operated companies are not adequate to meet the requirements of the service at the present time?

Mr. BRITTEN. Yes, sir; and they have notified the Secretary of Commerce last week, and the Secretary of Commerce notified the Secretary of the Navy that he might go ahead and supply the deficiency.

The CHAIRMAN. Is that what resolution 170 provides for?

Mr. BRITTEN. Resolution 170 provides that the Secretary of the Navy may accommodate this business when these associations say they can not.

Mr. WHITE. That is not what the law says.

Mr. BRITTEN. That is what it means.

Mr. WHITE. The law says the Secretary of the Navy may utilize these stations for the transmission of this press news, and then it provides that the Secretary of Commerce may determine that privately owned and operated stations are competent to meet the requirements of the normal service; and when the Secretary of Commerce has determined that fact, then the right of the Navy ceases. Now the Secretary of Commerce does not have to act in the first instance at all; his power is a veto power.

Mr. BRITTEN. Whose?

Mr. WHITE. The Secretary of Commerce.

Mr. BRITTEN. Oh, no; the Secretary of Commerce has the controlling power; not a veto power. The Secretary of Commerce notified the Navy last week it might accept this business, because he had been told by the radio associations they could not accommodate it. And as a result the Navy Department is accommodating the press business to-day.

Mr. WHITE. They have a right to under existing law.

Mr. BRITTEN. But to-morrow the Secretary of Commerce may say, "You can not handle that any more, because the private corporations say they can." So the Secretary of Commerce is the controlling power and not a veto power. The Secretary of the Navy may only handle this business as and when the Secretary of Commerce says private corporations can not.

So that the object of this bill is to remove these restrictions, so that these gentlemen who are acquiring public information in the interests of everybody may know they can get the news back when they send after it. You all know these gentlemen send their people into Russia, into the interior of Europe, and into many localities to get specific information, and, after they have gotten it, there is no assurance it will come out, that it can reach America. And the point I want to bring out and which I think is quite important is the fact there are

radio towers idle in Europe to-day and radio towers idle in America to-day during many hours of the day. They ought to be in use for two reasons. The principal reason is to get the news here, to get public information. It is not private information; it is not a commercial proposition. And they ought to be able to get this public information here just as quickly as possible. That is the most important thing. The second most important thing is it will provide money with which to run these towers. It means an income and means practice for our operators. The Navy Department, of course, has to educate its radio operators, has to make radio operators. We have schools for them in Chicago, in Norfolk, and in San Francisco. And if our towers are going to stand idle because the Secretary of Commerce has said the Navy can not handle the business, it is not a good policy and it keeps information out of the country.

Mr. SCOTT. This is to meet the situation in trans-Atlantic communication?

Mr. BRITTEN. Yes. It aims to do nothing but to remove the restriction so that these gentlemen can contract for a news service and get the news here. I do not know whether there is any objection to the bill, except from the standpoint of allowing the Government to get into a general ownership scheme, and I am opposed to that just as much as is any member of this committee.

Mr. SCOTT. Mr. White has largely expressed the thought, I believe, that is in the minds of the entire committee. The very crux of the situation in this bill undoubtedly, it seems to me, will lie in this situation. A year ago we passed a bill to meet this very situation, particularly directed at the trans-Pacific business. In that bill we authorized the Secretary of Commerce, when private facilities were inadequate, to allow the Navy to handle press messages.

Mr. CHINDBLOM. Not quite that.

Mr. SCOTT. I am abbreviating it, but in substance I think you will agree that is what was done.

Mr. WHITE. No; we won't agree that is what was done.

Mr. SCOTT. Then we will have an issue. Now I think the committee would be interested in knowing wherein the present provision of law is inadequate to meet any emergency that may arise. Is not that the proposition?

The CHAIRMAN. He has not touched on resolution 170 at all.

Mr. BRITTEN. May I answer your question, Mr. Scott. Your chairman says I have not touched on 170 at all. Resolution 170 is all right with the exception of the proviso which makes the service that these gentlemen desire irregular and not positive.

Mr. BURROUGHS. You mean the last proviso on page 3?

Mr. BRITTEN. No; I mean of the act as passed.

Mr. HARDY (reading):

Provided further, That the right to use such stations for any of the purposes named in this section shall terminate and cease as between any countries or localities, or between any locality and privately operated ships, whenever privately owned and operated stations are capable of meeting the normal communication requirements between such countries or localities or between any locality and privately operated ships, and the Secretary of Commerce shall have notified the Secretary of the Navy thereof.

Mr. BRITTEN. Yes; that is the restriction which I desire to have removed and which my bill does remove.

The CHAIRMAN. Please state what words your bill removes.

Mr. BRITTEN. My bill removes the phraseology Judge Hardy has just read.

The CHAIRMAN. Do you want to take out of the law the condition we placed in it, that private enterprise should be encouraged to do this business?

Mr. BRITTEN. Oh, no. No, that is not quite the way to put it, Mr. Chairman.

The CHAIRMAN. What is it?

Mr. BRITTEN. If you will follow me just a second: This proviso is a restriction on the service. Right now the Navy Department is receiving and transmitting the news service for these associations. It is doing that to-day and it has been doing it for a little more than a week, under the permission of the Secretary of Commerce. To-morrow the privately owned radio corporations of the country may go to the Secretary of Commerce and say: Mr. Secretary, beginning with to-morrow we can handle that news service, and immediately the Secretary of the Navy stops receiving.

Mr. SCOTT. Oh, no; he may stop.

Mr. BRITTEN. He must.

Mr. SCOTT. I do not understand so.

Mr. BRITTEN. This proviso says he must stop.

The CHAIRMAN. That is when he gets a notice from the Secretary of Commerce.

Mr. BRITTEN. When he gets a notice from the Secretary of Commerce; yes, sir.

The CHAIRMAN. The Secretary of Commerce does not act in such haste.

Mr. BRITTEN. He acts on 24 hours notice, and has. He did last week.

Mr. EDMONDS. What you are trying to get at is this: If the Secretary of Commerce would issue a permit for a definite period of time, say three months or six months or one year, then resolution 170 would be satisfactory? In other words, if he would issue a permit not for one day, but for a period of time, to allow the Navy Department to gather operators and keep them together and run for a certain period of time.

Mr. BRITTEN. I am not thinking so much of the Navy Department's desires as I am of the desires of these gentlemen, the press of the country. They are expecting certain news to-morrow and expect to get it through the Navy radio station. And to-morrow the Secretary of Commerce notifies the naval radio station it can not handle that business. Then they have to find some other news channel, and that other news channel might not be open wide enough to get it in except for five or six hours, or maybe only for an hour and a half.

Mr. EDMONDS. If the Secretary of Commerce notified the Navy they could handle this business for six months from January 1, and then notified them on July 1 they would have to go somewhere else——

Mr. BRITTEN. That is it exactly.

Mr. EDMONDS. That is the crux of the whole situation, I think, the question of the length of time for which these permits operate,

so that they are not indefinite as to whether they will have to stop to-day or to-morrow or at some other time.

Mr. BRITTEN. So that if the paper sends a man into Russia they will be reasonably assured they will get the news back.

Mr. BURROUGHS. It is not a question of it having to come by one wire or the other but just so he knows he is going to get it.

Mr. BRITTEN. Just so he knows he is going to get it. And they can not get it by the cables because the cables are jammed. And the cables are willing to get rid of all the news service.

Mr. BURROUGHS. Do you understand the Secretary of Commerce has any authority whatever to shut down on the use of the Navy radio stations unless there is ample opportunity over the other stations?

Mr. BRITTEN. But the definition of ample opportunity might be stretched very materially. Private enterprise might say—we can handle the news service.

Mr. WHITE. That is up to the determination of the Secretary of Commerce.

Mr. BRITTEN. No; it is up to the determination of private enterprise.

Mr. WHITE. No; we gave to the Navy Department the absolute right to utilize its stations for the transmission of this sort of business, unless——

Mr. BRITTEN. Provided.

Mr. WHITE. Unless the Secretary of Commerce determined, found the fact, and notified the Navy Department, that private wires were adequate for the normal service. Now you want us to take away from the Secretary of Commerce that right to determine that private concerns can meet the requirements of the service, and you want to give an absolute right without check for the Navy Department to utilize its wires or its service.

Mr. BRITTEN. No, you are making it a little broader than I anticipate.

Mr. EDMONDS. I am afraid that is the way it would work.

Mr. BRITTEN. Of course the radio stations can only operate for so many hours a day, and you can not jam any more radio service into the towers than they can handle, any more than you can pour more liquid into a bottle than it will hold. And when the towers are full, that settles it, and that is as far as they can go. But there are towers standing idle here and on the other side every day, and those towers ought to be doing this business. They are not doing it because the Secretary of Commerce has notified the Secretary of the Navy he can not do this business—he can not transmit and receive this business.

Mr. WHITE. The service is being met to-day.

Mr. BRITTEN. It is being met to-day in part.

Mr. WHITE. I understood you to say it was being met.

Mr. BRITTEN. In part. The Secretary of the Navy is now transmitting and receiving news service between America and France only, not between the other countries. Mr. Pierson, president of this association of all the big news services of the country except one, as I told you a while ago, is going to Europe next week to arrange for getting news from Germany, through Berlin, and from England, Norway, and Italy. There is a muddle over there, and they are not getting any London news.

Now I am just as much opposed to Government ownership as any man in the House, but I can not see how a removal of these restrictions——

The CHAIRMAN. Will you state distinctly what you want removed?

Mr. BRITTEN. I have tried to tell you in two or three different ways that I want to remove this proviso in this act of yours, S. J. 170.

The CHAIRMAN. What are the words you want removed from that resolution? Kindly tell us what they are, and we will tell you very quickly whether we can do it or not.

Mr. BRITTEN (reading):

Provided further, That the right to use such stations for any of the purposes named in this section shall terminate and cease as between any countries or localities, or between any locality and privately operated ships, whenever privately owned and operated stations are capable of meeting the normal communication requirements between such countries or localities or between any locality and privately operated ships, and the Secretary of Commerce shall have notified the Secretary of the Navy thereof, and all rights conferred to this section shall terminate and cease in any event two years from the date this resolution takes effect.

Mr. SCOTT. Regardless of the interposition of Mr. White, I insist that is a discretionary power which this committee willfully and intentionally conveyed on the Secretary of Commerce. I do not believe under the phraesology of the law the Secretary of Commerce is constrained to accept the dictum of the private radio companies to the effect that the private radio stations are ready to handle the business, but that he has a discretion and that the press association of the country can go to the Secretary of Commerce and receive his assurance that within a certain length of time he is convinced private enterprise can not handle press business.

Mr. WHITE. I agree with you absolutely.

Mr. SCOTT. And based on that proposition, they can get a tentative permit for a reasonable length of time. That was my insistence at the very inception of this. It is not a mandatory proposition. If I am a private radio corporation, I go to the Secretary of Commerce and say: You have been allowing the press association to use the Navy radio and now I am in a position to handle that business. I insist that my statement to the Secretary of Commerce is not mandatory upon him to notify the Navy to cease.

Mr. WHITE. I agree absolutely with you. The Secretary has got to find the facts.

Mr. SCOTT. That is true.

Mr. WHITE. And then base his direction to the Secretary of the Navy upon his finding.

Mr. BANKHEAD. Did I understand you to state a few moments ago that the owners of these privately owned radio stations had stated at the present time they were unable to handle all this business?

Mr. BRITTEN. Yes, sir.

Mr. BANKHEAD. Have they any representative here to-day, so far as you know?

Mr. BRITTEN. I do not know, sir.

Mr. BANKHEAD. Do they affirm that is a condition that will probably continue to exist for a long period of time?

Mr. BRITTEN. Mr. Pierson, sitting right in back of you, who is president of this association, is shaking his head in the affirmative.

Mr. BANKHEAD. I think, Mr. Chairman, that is really one of the important phases of this proposition, to determine what the attitude of the private radio stations is.

The CHAIRMAN. When he gets through, I am going to ask the representative of the Department of Commerce whether they have ordered this change made.

Mr. WHITE. Mr. Bankhead, don't you believe if privately owned and operated concerns are not able to handle this business, that under existing law the Navy Department has a right to use its stations?

Mr. BANKHEAD. Yes; but, as I understand, the gentlemen representing these great news agencies do not want to be subjected to the possible whim or caprice of an executive order.

Mr. BRITTEN. To the unreliability of the thing. They may be doing the business to-day and next week, and Mr. Pierson goes to Europe next week and by the time he gets over there existing conditions may be changed and the Navy Department may not be handling this news service at all. This applies to the news service only; it does not apply to private business at all.

Mr. BANKHEAD. So far as I am concerned, if private concerns can not handle all this business and the Navy Department has stations that are idle part of the time, I do not see why they should not be permitted to do it.

The CHAIRMAN. The law provides that.

Mr. BRITTEN. The law provides that, but it is a fact that up to one day last week those stations were idle and not receiving the business.

Mr. HARDY. Were the private stations then receiving and dispatching the business efficiently?

Mr. BRITTEN. They were attempting to, but they were not, and that is the reason they relinquished that right and so notified the Secretary of Commerce.

Mr. HARDY. Let me call attention to some other phraseology in the law we passed—whenever privately owned and operated stations are capable of meeting the normal communication requirements. They might be able of meeting the normal communication requirements and, if they are, the right of the Navy to take anything ceases absolutely; and yet an emergency might come up when the normal communication requirements would not meet the situation at all.

Mr. BRITTEN. That word "normal" is very much like the word "preparedness." What does the word "normal" mean? What does "preparedness" mean?

Mr. HARDY. That is a word that admits of very modest preparedness on the part of privately owned and operated radios to destroy the privilege of the Navy to serve the country or to serve the press.

Mr. BRITTEN. It is really a service to the country and it is a good business proposition.

Mr. CHINDBLOM. At the beginning of this hearing, there are two or three things I think ought to be said. I was a member of the subcommittee which framed Senate joint resolution 170 as it was finally passed last spring, and in that subcommittee as well as in the entire committee there was a great deal of difference of opinion about legislation of this kind. I think I can say, without violating any confidence, that I represented probably the extreme views of the committee with reference to permitting Government facilities to

be used particularly for press messages. But at that time, as far as I can find from the hearings, Mr. Melvin E. Stone, of the Associated Press, and Mr. Walter S. Rogers of the Washington Herald, were the only newspaper men who came here. I wish this delegation had come here last spring when we were considering Senate joint resolution 170 and thrashed out this thing in the committee. We tried to interest the press representatives here in that resolution and in those hearings (I want that understood), and that there is no just cause now for complaint of the action of the committee on Senate joint resolution 170 last spring.

Mr. WHITE. Was it not a fact, Mr. Chindblom, that that provision, as it was enacted into law, had the approval of Mr. Stone, as you understood it?

Mr. CHINDBLOM. As to that, I am not prepared to say.

Mr. WHITE. I do not state that positively; I am just stating my understanding.

Mr. CHINDBLOM. I do know we did try to get at that time an expression, as much expression as we possibly could, from the representatives of the press. And I want to call attention to the further fact that Senate joint resolution 170 relates to much more than press messages. It relates to commercial business which may be conducted by the Secretary of the Navy under certain restrictions. Section 4 of House joint resolution 409 repeals practically everything that is in conflict with that act, so that certainly section 4 would not be adopted. If you do that, you will repeal Senate joint resolution 170 in its entirety.

Mr. WHITE. Do you not agree, Mr. Chindblom, that it practically calls for a consideration of the whole subject de novo, if we are going into this thing?

Mr. CHINDBLOM. It does. Now, if we can get a bill or a suggestion for a bill which will amend Senate joint resolution 170 in the particulars to which objection is made, I think that will be much better than passing an entirely new joint resolution on the subject.

Mr. BRITTEN. May I suggest there is no desire from any standpoint to repeal or to violate this Senate joint resolution 170 passed by the House, with the exception of removing the restriction as it applies to the news service only. And I do not think that section 4 does what you say it does.

Mr. CHINDBLOM. I will read it. Section 4 reads as follows:

> That all stations owned and operated by the Government, except as herein otherwise provided, shall be used and operated in accordance with the provisions of the act of Congress entitled "An act to regulate radio communications," approved August 13, 1912, and that all acts or parts of acts in conflict with the provisions of this act are declared null and void after the passage of this act.

So that we will go back to the act of August 13, 1912, if section 4 is passed and Senate joint resolution 170 is repealed; don't you think so?

Mr. BRITTEN. No; I do not.

Mr. BANKHEAD. Suppose you added there, after August 13, 1912, "and Senate joint resolution 170?"

Mr. CHINDBLOM. Provided that is the only one passed since August 13, 1912.

Mr. BANKHEAD. That would meet Mr. Britten's idea as represented by his bill.

Mr. CHINDBLOM. Personally, I am not as much in favor now as I was last spring, of liberalizing this service to the press association, and this joint resolution was a compromise after considerable hearing and much discussion in this committee.

Is this fundamentally a question of service or a question of rates?

Mr. BRITTEN. It is a question of service.

Mr. SCOTT. The rates are the same, are they?

Mr. CHINDBLOM. Oh, no. We intended, by the passage of Senate joint resolution 170, that press messages should be on an entirely different basis, so far as rates were concerned, than the other service.

Mr. BRITTEN. And they are.

Mr. CHINDBLOM. In other words, we intended the press associations and newspapers of the country should get the service of the Navy at as low a rate as would be compatible with the public interest. Is there any complaint about that?

Mr. BRITTEN. No; there is no complaint about that. The only complaint is of the service. If these gentlemen could get the service they require from private corporations, they would not be here to-day. It is the condition of the news service to-day, the mere fact that they are 24 hours late in getting news from Germany, and that the service is intermittent and that they can not get the news sent because the radio and cable stations are jammed.

Mr. WHITE. You want us to legislate now with respect to something you anticipate rather than something that is.

Mr. BRITTEN. No, I want you to legislate with reference to an existing condition.

Mr. BURROUGHS. If what you say is true, Mr. Britten, is it due to the fact the Secretary of Commerce is not doing his duty?

Mr. BRITTEN. Oh, no; not at all.

Mr. BURROUGHS. It is not the fault of the law; it is due to the fact the Secretary of Commerce is putting a restriction here, is finding a fact, when you say that fact, as a matter of fact, does not exist.

Mr. BRITTEN. Judge Hardy hit the nail on the head when he referred to the phraseology "whenever privately owned and operated stations are capable of meeting the normal communication requirements." An assassination in Europe would upset the normal conditions entirely, and the news could not get to us, or if there was a wild situation in Ireland, or in England, it might change the normal requirements to-morrow.

Mr. BURROUGHS. I understood you to say this was an extraordinary condition.

Mr. BRITTEN. No. The cables are jammed now, and I understand the cable associations will gladly relinquish all the news service.

Mr. BURROUGHS. It is not a normal condition.

Mr. BRITTEN. It is a normal condition which private corporations can not meet.

Mr. BURROUGHS. Under those conditions, the Secretary of Commerce ought immediately to find the fact and remove the restriction.

Mr. BRITTEN. Then suppose these gentlemen, representing the American radio associations, should come before the Secretary of Commerce and say they could handle this business in a week or two weeks; he would then have to give it to them.

Mr. SCOTT. What harm would that do, if the price is not an object; what difference would it make whether it goes to this place or to a place 500 miles away?

Mr. BRITTEN. You are leaving to the American radio associations to say whether they can handle the business or not and can meet the demands of the press associations.

Mr. KINCHELOE. If I understand it, from a casual reading of your resolution, all it provides is to give the Secretary of the Navy, when it is not incompatible with the Government business, the right to dispatch these press messages when the private radio stations are congested, and further gives them the right to make a contract for one year (and not exceeding that), but, at the same time, still predicated on the idea it is not inconsistent with the public business when he does it?

Mr. BRITTEN. Yes, sir.

Mr. KINCHELOE. Even during that period of time.

Mr. BRITTEN. Yes, sir. The idea is to assure to these people they can get the service. They have not any assurance now.

Mr. CHINDBLOM. In my opinion, and in the opinion of the committee which framed this resolution, I am sure, after a compromise which we reached, the term "normal communication requirements" should not be construed in such a narrow sense that the press associations and the newspapers of the country would not be able to provide for an emergency. I think emergencies are occurring every day in the newspaper business, and "normal communication requirements," with reference to press service, is regulated by these extraordinary situations which will always come, because, with reference to the press, they are normal requirements. A new situation may come up any day which requires a heavy drain upon the cable and radio service. So "normal communication requirements" should not be construed so as to include ordinary business messages or ordinary messages; it should be construed to mean the requirements as they come daily, constantly, as they come for the press associations and the newspapers. And if that were done, probably there would not be very much objection to the present legislation?

Mr. BRITTEN. No.

The CHAIRMAN. Now I would like to ask Mr. Chamberlain if there has been any such communication made to the Secretary of the Navy, and has the work ceased by reason of it?

STATEMENT OF MR. EUGENE TYLER CHAMBERLAIN, COMMISSIONER OF NAVIGATION, DEPARTMENT OF COMMERCE.

Mr. CHAMBERLAIN. The communication was made and the Navy stations are doing the work. In fact, so far as France is concerned, they have never stopped doing the work. This situation is a little peculiar in this respect—and I want to say in behalf of the Secretary of Commerce and the Department of Commerce, too, that these matters have not been done carelessly, in my judgment—you gave the Secretary of Commerce discretionary power in the resolution of last year. You gave it for this reason, because during the war wireless telegraphy was entirely a matter of Government operation and ownership. It was of necessity; there is no dispute about that. After the war was over you decided, after a long hearing, at which the newspaper men were represented—Mr. Melvin E. Stone was present and spoke, as I recall, quite positively in favor of private ownership—you decided some time would be required to transfer

from one system to the other, and to enable that to be done with the least possible inconvenience, because some inconvenience was inevitable, you gave the Secretary of Commerce some discretionary power.

The only question involved in this situation, as I understand it, is the transatlantic wireless communication. All Mr. Britten has said in regard to the condition of the cables we know is absolutely the fact. They have more business to-day than they can keep up with. The same is true to a very considerable extent of the transatlantic wireless stations. The first question that arose under this bill was whether the station in Norway, the Stavanger station, whether our station should be opened in connection with the Stavanger station, a station of the Radio Corporation of America. The company claimed it was able to do the business. The matter was carefully put up and carefully discussed with the Navy Department before a step was taken, and I may say (and I think Admiral Bullard will confirm what I say) that at every point in our proceedings under this resolution we have been in constant consultation and every step taken has been with the concurrence of the Navy. If I am wrong, I think the Admiral will correct me.

Admiral BULLARD. You are not quite right.

Mr. CHAMBERLAIN. The first station was opened under this arrangement after a thorough understanding with the Navy that it would be agreeable with them and would work all right so far as they knew and, so far as the radio company was concerned, they showed that they were technically adequate, at any rate. Of course, they could not show physical adequacy until they had been operating. There has been no question, and I do not understand there is any question now, so far as Norway is concerned, although the press is not considerable between here and Norway, and I do not suppose there are many messages that go.

The next question that came up was communication with the British radio stations. That was taken up in precisely the same way, by concurrence with the Navy, and that was granted.

The next question that came up was in connection with communication with Germany. In that case the Navy not only supported the opinion of the commercial stations involving the closing of the Navy stations, but they actually urged it, I may say. They were there, and they were quite active in asking to have it done.

Mr. CHINDBLOM. What was done with reference to the British situation? You say it was taken up and disposed of, but what was done?

Mr. CHAMBERLAIN. It was taken up and disposed of by notice to the Secretary of the Navy that private stations were prepared to do that business, and that was done with the concurrence of the Navy and partly on their advice.

Mr. CHINDBLOM. That means that the Secretary of Commerce or the Department of Commerce was satisfied——

Mr. CHAMBERLAIN. Was satisfied.

Mr. CHINDBLOM. That private communications were adequate.

Mr. CHAMBERLAIN. Were adequate.

Mr. CHINDBLOM. How have you construed the term "normal communication requirements" with reference to press messages?

Mr. CHAMBERLAIN. We have construed that rather broadly. Perhaps we have not construed it exactly as we should, but we have taken the word "normal" to mean the business there is to be done at the time, which I think is not a strained construction of the use of the word "normal."

Mr. HARDY. Suppose everything is going along smoothly, and the privately operated radio stations are transmitting all the messages that come to them, and they are notified by the Secretary of Commerce and he has notified the Secretary of the Navy that there can be no more use of the Navy radio stations, and now to-morrow a great rush comes in, and the private radio stations can not handle it. The Navy radio stations are tied up by the notice they have received, are they not?

Mr. CHAMBERLAIN. For the time being; but I may advise you that the telephone works very rapidly between the Department of Commerce and the Navy Department, and from time to time notices are sent by telephone and confirmed promptly by letter. It is a matter of less than five minutes. The arrangement to have the private station of the radio corporation communicate with the German station was made, as I say (and I think again Admiral Bullard will bear me out), very largely not only with the approval, but practically almost at the request, of the Navy Department.

Mr. BURROUGHS. That is, the private companies were found to be adequate for all normal purposes?

Mr. CHAMBERLAIN. Yes.

Mr. BURROUGHS. In the case of Germany——

Mr. CHAMBERLAIN. In the case of Germany.

Mr. BURROUGHS. And the Navy Department was so notified?

Mr. CHAMBERLAIN. And the Navy Department was so notified. In fact, they concurred in advance. I think it was mentioned first by the Navy Department.

Now there remains a situation in France, and really the French situation is what has developed to a great extent, I think, the present—I won't call it "controversy" because it is not a controversy, but the present difference of opinion. The Radio Corporation gave us notice that they were prepared to do the business with France. That action, I may say, was taken with their officers in conjunction with Admiral Bullard, who attends the meetings of that corporation and who is, so to speak, the viséing officer between the Navy Department and the Radio Corporation and other companies, too, doubtless. It was agreed (and we have it in writing) by Mr. Nally, president of the Radio Corporation, and by Admiral Bullard, that this transfer should be made. There was no question about that whatever, in our minds.

Mr. BURROUGHS. When was this?

Mr. CHAMBERLAIN. This was—I ought to recall the date, but I do not.

Mr. BURROUGHS. About when?

Mr. CHAMBERLAIN. About six weeks ago.

Admiral BULLARD. It was the first of December.

Mr. CHAMBERLAIN. Somewhere in the neighborhood of the 1st of December. That notice was sent to the Navy Department. Shortly after that, or possibly before, Mr. Pierson, representing the communications branch of the press association, who is here, and two others who are not here, asked the department to consider the question, as I understood it, of communication with France. They said

that they could not get the thing through. They were told by Mr. Sweet, who was acting at the time, and I was present, that our assurances were the other way. This was before the thing had actually gone into operation. They went to New York and it there developed that one of the officers of the corporation, the Radio Corporation, said that they were not prepared to do that business and would not be for six months. The situation, as I understood it, and I still think I am right (certainly so far as Norway is concerned), was that they could not maintain the communication with France. Why? Was it because of any inadequacy on the part of the radio stations of the United States, or because of any reluctance on the part of the Navy Department to do the work they had been doing, or because of any desire on the part of the Department of Commerce to push this matter? Certainly not. The reason was that the French stations were not ready to do the business. I do not think there is any dispute about that. And to a very great extent, the difficulty in this present situation, as these gentlemen are going to find, regardless of what resolution you may pass—the great difficulty is going to be the stations on the other side, to a great extent, are not up to the job. And that, of course, is something we can hardly correct on this side.

I think Mr. Pierson was a little impetuous and a little hasty and acted perhaps without consideration. I judge so largely from the letter that he wrote, which suggested that a suborbinate officer in the Department of Commerce was forcing the Navy Department, much against its will, to do something. Well the Navy Department, I may say, so far as my experience is concerned, is seldom forced; and I never knew an instance where a subordinate officer of the Department of Commerce applied the big club to the Secretary of the Navy. To speak mildly, it was a complete misapprehension of the facts. That is the situation as it stands to-day. As you all know, it is quite impossible for the Secretary of Commerce to be here to-day. I had the opportunity to speak to him yesterday, and he is neither opposed nor in favor of this bill. He is quite indifferent. And that has been the attitude of the Department altogether.

You took action last year in accordance with a principle, as I understand it. That principle was that the Government should not go into private business. There are two questions that have been presented here in the argument to-day. One is (and that, I take it, seemed to be the subordinate argument, but I will speak of it first because it is right in my mind) that there are all these Navy stations standing idle a good share of the time because there is not enough Navy work to keep them busy (we all know that) and that their operators grow rusty, as they will if they only work a few hours in a day, and that it will save money to the Government if they can get any work to do that they can. That will apply, of course, not only to press work but to other kinds of work. There you are fairly up against the question of principle, whether the Government is going to do a commercial business or whether private companies are going to handle commercial transactions. That is a matter you discussed very thoroughly last year and I presume reached your conclusions about that, and I do not care to go into it.

The other question is largely a question of the exercise of his discretionary powers by the Secretary of Commerce. I think our records will show (and we are prepared to submit them at any

time) that the department has acted, in the main, with a due regard to all interests concerned; that where it has found that a different situation obtains than that which was represented, it has promptly changed it, and that is a matter that can be done. I do not think the situation that was apprehended by Mr. Britten is very likely to arise where the Secretary of Commerce will say: "Why, yes; to-day—we will permit you to handle the business to-day," and then forbid them to handle it to-morrow or anything of that kind. I do not think you will have that, because the department moves, or aims to move at all events, with a fair consideration to all interests.

Mr. BURROUGHS. What do you mean when you speak of the discretionary power of the Secretary of Commerce. I did not understand he had any discretionary power.

Mr. CHAMBERLAIN. It is discretionary to this extent—perhaps I should not have used that word—that the exercise of his power depends on the finding of a certain condition to exist.

Mr. BURROUGHS. It is a judicial function he performs. He finds certain facts.

Mr. CHAMBERLAIN. Yes. I am very much obliged to you for the suggestion. I used the wrong word.

Mr. HARDY. Is not he more or less limited to the statement of the private radio operators as to whether the conditions or facts exist upon which he should issue the notice?

Mr. CHAMBERLAIN. To a very considerable extent he is dependent upon that.

Mr. HARDY. So that if the private owners come in and tell him, "We can do this business"——

Mr. CHAMBERLAIN. But it is never done, I may say. A permit is not issued without an investigation of our officers, of our own inspectors, as to the technical equipment of the stations to do the work hat is required.

Mr. CHINDBLOM. You certainly make some inquiry of the users of the service, do you not? [Laughter.]

Mr. CHAMBERLAIN. No, I am frank to say we have not. How can we?

Mr. EDMONDS. Do not the users of the service come to you and make inquiry?

Mr. CHAMBERLAIN. They were very prompt, I may say, in this French situation.

Mr. EDMONDS. In other words, any citizen or any man using the radio, any merchant or any newspaper, can come to you and ask you to increase the service, because he can not get service?

Mr. CHAMBERLAIN. These gentlemen came and the suggestion made to them was to go to New York and see the officers of the company which we have licensed and find out whether they can do it. They came back with the statement and said that they could not, and we promptly acted.

Mr. EDMONDS. We made the Secretary of Commerce the arbitrator in this matter entirely.

Mr. CHAMBERLAIN. My recollection in this particular case is that the word was telephoned over to the Navy Department which never had stopped, so far as France was concerned—I am right about that am I not?

Admiral BULLARD. Yes.

Mr. CHAMBERLAIN. And yet my good friend, Mr. Pierson, said chaos was existing in communication. There may have been chaos; I do not think there was chaos here, but the chaos was at the French end, the European end. There was no delay here; it was going on just exactly as it had been going. At all events, that is my understanding.

Mr. BRITTEN. Mr. Chamberlain, is it not a fact that last September you directed the Secretary of the Navy to turn the wires back to private corporations over the objection of the newspaper service, and the newspaper service was not even heard in the premises?

Mr. CHAMBERLAIN. I do not think that is true exactly.

Mr. BRITTEN. Did not the International News Service file objections?

Mr. CHAMBERLAIN. Yes; they did file a printed brief which had been submitted to the International Communications Conference. They filed a printed brief. It was after that that it was suggested to them that they go to New York and see these people.

Mr. BRITTEN. Let me inquire then: Is it not true your procedure in the past has been that you either took this service away from the newspaper associations or gave it to them without their consent or knowledge, and that you go right ahead and act on the data from the American Radio associations and not data coming from the people affected?

Mr. CHAMBERLAIN. No; you are quite wrong about that.

Mr. BRITTEN. I think I am quite right.

Mr. CHAMBERLAIN. No; you are quite wrong. If you would take the trouble to look at our orders, as a matter of fact, the notices that have been sent to the Navy Department have been "the commercial stations are ready to do commercial business." There has been no mention of the word "press." You have made a distinction in the law between press and commercial business.

Mr. BRITTEN. That confirms just exactly what I have said.

Mr. CHAMBERLAIN. No.

Mr. BANKHEAD. Does your investigation at the present time show that the private radio concerns are adequate to handle all the business that may be offered by the press associations?

Mr. CHAMBERLAIN. Between here and France?

Mr. BANKHEAD. Yes.

Mr. CHAMBERLAIN. Certainly not.

Mr. BANKHEAD. Or between here and anywhere?

Mr. CHAMBERLAIN. They do so far as between here and Norway is concerned.

Mr. BRITTEN. But Norway is not a news center. Certainly they can accommodate the business between here and Norway, because there is no news there.

Mr. BANKHEAD. I would like to have an answer to my question if you are prepared to make it.

Mr. CHAMBERLAIN. I have answered it as to France.

Mr. KINCHELOE. He said between here and anywhere.

Mr. BANKHEAD. Between here and any country affected by this bill.

Mr. CHAMBERLAIN. That takes in a lot. I mentioned Norway as one where they can and France as one where they can not.

Mr. BRITTEN. Can they handle it with Germany?

Mr. CHAMBERLAIN. I think that has been a question.

Mr. BRITTEN. Can they handle it in England?

Mr. CHAMBERLAIN. I do not know. I do not think they can, otherwise we would not have sent the order. I call it an "order;" that is entirely the wrong word. It is a notice.

Mr. BANKHEAD. This bill proposes to permit the use of Naval high-power radio stations for the transmission and reception of press messages between stations and other stations in the United States or its Territories, and between these stations and stations in foreign countries. It is not limited to Norway or France and I imagine these news services are interested in availing themselves of a contemporaneous news service from everywhere where there are radio facilities. Now, does your investigation at the present time show these privately-operated radio concerns in this country are capable of handling such legitimate news service as these gentlemen desire to procure?

Mr. CHAMBERLAIN. I can only answer that country by country. So far as the Pacific Ocean is concerned there never has been any question. They can not handle it and have never tried to.

Mr. BANKHEAD. How about Germany?

Mr. CHAMBERLAIN. So far as Germany is concerned, I can not speak definitely at the moment.

Mr. BANKHEAD. How about Great Britain and the United Kingdom?

Mr. CHAMBERLAIN. So far as the United Kingdom is concerned, I question it at the present time, and the notice has recognized that fact. If the Department of Commerce thought it could be done the notice to the Navy Department would not have gone.

Mr. WHITE. Of course, the bill passed in the spring makes a distinction between press messages and commercial messages.

Mr. CHAMBERLAIN. Yes.

Mr. WHITE. Did I understand you to say that in the notifications given to the Navy Department, the Department of Commerce has indicated and has notified the Navy Department that private concerns were adequately equipped to take care of the commercial business?

Mr. CHAMBERLAIN. That is the notice.

Mr. WHITE. But you have issued no restraining order on the Navy Department so far as the press messages go?

Mr. CHAMBERLAIN. No; I do not dwell on that, because that might be regarded as quibbling.

Mr. BRITTEN. That is commercial business. It was all treated as one.

Mr. CHAMBERLAIN. That was my notion a year ago, and in the bill passed a year ago I should have regarded it as commercial business were it not for the fact a distinction is made in this resolution.

Mr. BRITTEN. But the proviso wipes it all out; the proviso, as a restriction, covers all of it.

Mr. CHAMBERLAIN. Yes, sir.

Mr. BRITTEN. And my idea, of course, is to remove the restriction as applied to the news service only; not on what is ordinarily called "commercial service."

Mr. EDMONDS. If you find, we will say, between Great Britain and this country, there is sufficient service to take care of the commercial

business, then you notify the Navy Department the commercial business between Great Britain and this country can be taken care of, but press business can not; you make a distinction?

Mr. CHAMBERLAIN. No; I say there is a distinction that can be drawn.

Mr. EDMONDS. Have you drawn that?

Mr. CHAMBERLAIN. We have not drawn a distinction and said they can do commercial business, but they can not do press business.

Mr. EDMONDS. You can not say "You can not do press business," because the law gives them a right to do that, but you can say to the Navy Department "You can not do the commercial business, but can go along and do the press business."

Mr. CHAMBERLAIN. We never had occasion to.

Mr. EDMONDS. You would if you had the occasion?

Mr. CHAMBERLAIN. Certainly.

Mr. HARDY. Where do you get authority under the law for making a restricted notice that would deal not with the "normal communication requirements," but with the commercial communication requirements? The proviso says, "whenever privately owned and operated stations are capable of meeting the normal communication requirements between such countries or localities or between any locality and privately operated ships, and the Secretary of Commerce shall have notified the Secretary of the Navy thereof, and all rights conferred by this section shall terminate and cease," etc. Under that, it seems to me, you can only notify the Secretary of the Navy they are capable.

Mr. CHINDBLOM. Let me call your attention to the whole proviso, beginning in line 14.

Mr. HARDY. I am talking about the law.

Mr. CHINDBLOM. This is the law: "*Provided further*, That the right to use such stations for any of the purposes named in this section shall terminate and cease as between any countries or localities or between any locality and privately operated ships, whenever privately owned and operated stations are capable of meeting the normal communication requirements"—for any such purposes, of course.

Mr. HARDY. Oh, no.

Mr. CHINDBLOM. Certainly. And the hearings and discussion on the floor of the House as well as the discussion in the committee were all in favor of making the distinction.

Mr. KINCHELOE. To the illustration that Judge Hardy gave a while ago that suppose business was going on normally and the private radio stations were competent to carry the business, and all of a sudden an emergency should arise whereby they were congested and not able to do it, how you would be able to communicate that, your answer was that your telephones were working between your department and the Navy Department. Suppose this enormous amount of news arose suddenly on the other side of the ocean the next day after you had issued this notice, then your telephones could not work to advantage, how could you get the information over to them, and how long would it take them?

Mr. CHAMBERLAIN. If it arose on the other side of the ocean—there is not much difficulty in receiving messages. The difficulty that would be due to the assassination of somebody on the other side would be distinctly the difficulty of the European stations in rendering the news service.

Mr. KINCHELOE. This was done with the purpose of having the Secretary of Commerce notify the Secretary of the Navy when private radio stations could carry messages.

Mr. CHAMBERLAIN. Yes.

Mr. KINCHELOE. And his right should cease, contingent on the fact it was normal. Suppose, then, there should arise a great amount of important press news on the other side that wanted to come over here during the time the Secretary of the Navy was under this injunction of the Secretary of Commerce. Your telephones could not work, and therefore those messages could not come over here, because the Secretary of the Navy could not act on his own initiative.

Mr. CHAMBERLAIN. With all due respect, I am sorry to say I can not get the point exactly, there. If I understand it——

Mr. EDMONDS. We have no control of the stations on the other side.

Mr. KINCHELOE. Do you mean the Navy has not any control over their own stations there?

Mr. CHAMBERLAIN. Has the Navy any stations in Europe; has the Government of the United States any stations planted on foreign soil?

Mr. KINCHELOE. Haven't we got some in France?

Mr. EDMONDS. No; you gave them to France or sold them to France.

Mr. KINCHELOE. Haven't we some in Cuba?

Mr. EDMONDS. That is a different thing.

Mr. KINCHELOE. Suppose this situation arose there?

Mr. EDMONDS. All they would have to do would be to telephone the Navy Department to open the service.

Mr. KINCHELOE. But by the time the Navy Department got the authority that private enterprise was so congested they could not carry it, it would be three or four days before this news got here.

Mr. EDMONDS. But you have no control on the other side.

Mr. KINCHELOE. I am talking about our possessions down here in Porto Rico and Cuba.

STATEMENT OF MR. JOSEPH PIERSON, FOREIGN EDITOR OF THE CHICAGO TRIBUNE AND CHAIRMAN OF THE AMERICAN PUBLISHERS' COMMITTEE ON CABLE AND RADIO COMMUNICATIONS.

Mr. PIERSON. I am foreign editor of the Chicago Tribune and chairman of the American publishers' committee on cable and radio communications. That takes in all the big press associations and newspapers in the country. Our chief interest in this matter, Mr. Chairman and gentlemen of the committee, is getting the news out of different countries. We send our correspondents into earthquake and famine infested districts and into small wars, and we want to get the news out fast. We do patronize the Marconi people and the American Radio Corporation, and we always will. We have always patronized the cable companies and expect to continue to do so. But there are not adequate lines of communication across the Atlantic for press business or across any other ocean. The emergencies continually arising do not occur systematically; they do not occur in

England: they do not occur in Italy—they occur in unforeseen localities.

It is quite impossible for us to operate under the present provision with the Secretary of Commerce for the reason we can not notify our correspondents respecting the matter, and they are the important gentlemen to be informed. Our correspondents quite often are months beyond our touch, and unless there is some settled agreement for the transmission of these messages back through any channel open, we can not get the news in. We are falling down now on transmission. From England the transmission is very poor indeed.

Mr. EDMONDS. Is that confined to the private operators now?

Mr. PIERSON. That is confined to the private companies; yes.

Mr. EDMONDS. You are not using the Navy Department for any news from England?

Mr. PIERSON. No, sir; there are no transmission stations available. The American Government has no stations in England.

Mr. EDMONDS. Then if the Navy Department have no stations over there, they can not help you anyhow.

Mr. PIERSON. No. The reason I am going abroad is to obtain these stations. If necessary, we will build them ourselves. In France there are adequate transmission facilities. The Chicago Tribune receives 3,000 words each night on its roof, and the New York Times does the same.

Mr. EDMONDS. Your trouble in Europe is on the transmission end; not on the receiving end?

Mr. PIERSON. You can not listen in on several stations at the same time. If you only have one station and Nauen and Cavite, in the Philippines, are both sending, you can not catch both those stations.

Mr. CHINDBLOM. As a matter of fact, I question whether there are any other high-power European stations.

Mr. PIERSON. There is one in Italy. We dispatch news from Italy. It is all transferred up to France and England; they are the great centers.

Mr. CHINDBLOM. In an emergency, can't you transfer your European news to Stavanger, Norway, and send it over that way?

Mr. PIERSON. No; that would be too long a way. The representative of the New York World just suggested to me a point to-day, with respect to delay. It occurred the other night. A message came in which was doubtful and they tried to confirm it with London; I believe it was London, was it not, Mr. Young?

Mr. YOUNG. Yes.

Mr. PIERSON. And they could not do it, although it was early in the night. In the old times, before the war, it was quite possible that you would get a piece of propaganda, or something which appeared to be a lying piece of work, which is quite frequent out of Europe, especially Eastern Europe. You could not get any confirmation of it. We had to print the story. You have to protect the newspaper, you know, and we have to print the story, and if we had adequate means of communication we could keep the public more correctly informed; but as the matter stands now, it is necessary for the newspaper quite often to contradict the following day a message printed in its paper the day before, with total innocence, and not printed for the purpose of propaganda.

Mr. EDMONDS. Why couldn't you confirm it?

Mr. PIERSON. Because there was not time to transmit a message asking for confirmation by your correspondent in that region and to get back the reply.

Mr. EDMONDS. Again the fault would be on the other side and not on this side.

Mr. PIERSON. No, the fault lies in the congestion of business. Private companies are so congested in the transmission business on this side—I am speaking of the cable, now, that is practically American owned.

Mr. EDMONDS. And it would forward a message like that for you promptly, would it not?

Mr. PIERSON. Promptly compared with the rest of the messages they were handling, but now it takes six or seven hours to get it through and six or seven hours to get back and besides, you have to give your correspondent to look up the matter an hour or half an hour.

Mr. BRITTEN. This delay is occasioned by the general confusion?

Mr. PIERSON. By the general confusion and too much communication on the lines for them to handle it at least in time for us to print the news.

Mr. EDMONDS. Didn't I see the other day that with all this congestion and all this work, it was stated they were not making any money?

Mr. PIERSON. That seems very odd to me. Of course, I am a business man and not a professional man.

The CHAIRMAN. How does this business compare now with the business during the war?

Mr. PIERSON. Of course it is better in some cases than it was during the war; and in some other cases it is very irregular, about as irregular as it was during the war and the systematic handling of it is not as good as it was during the war. Mr. Rogers was in charge of matters in Paris during the war and he saw that the news messages were arranged for regularly. And the correspondent, if he knows a message is going to be dispatched, and knows with what speed it is going to be dispatched, he can carry on his work with a great deal more accuracy and a great deal more speed.

Mr. KINCHELOE. I wish you would explain how the passage of this resolution would correct your present situation.

Mr. PIERSON. This present resolution would correct the situation that exists from the fact it would make a definite time for us to operate.

Mr. KINCHELOE. Under contract?

Mr. PIERSON. Yes, sir.

Mr. BURROUGHS. That is really the thing you complain of in the law as it stands now?

Mr. PIERSON. Yes, sir.

Mr. BURROUGHS. That you can not depend on any particular status existing for more than 48 hours?

Mr. PIERSON. Yes, sir.

Mr. CHINDBLOM. I do not suppose, as a matter of fact, that you are complaining of the law; you are complaining of the conditions?

Mr. PIERSON. We are complaining of the law. Of course, I am not a lawyer, but it has seemed to us (and we have submitted it to

a law firm), that the power there is not consonant with the news traffic.

Mr. EDMONDS. I am afraid you folks do not understand the facts, and I do not think you want to accomplish what you are trying to do. We have had two very long hearings on radio and have gone into the matter very thoroughly. After the war the Government had all the radio establishments and had purchased all the radio stations, and the question was did we want to establish a governmental monopoly of radio or not. We decided in the committee here we did not; that we wanted to have these private concerns with their initiative to go ahead and develop and enlarge to handle the radio, a thing we did not conceive possible under a Government monopoly. The question came up then as to how to do this. The Secretary of the Navy wanted a Government monopoly and all his views were cut and plans made with that in view. We felt we did not want a Government monopoly and did not want to hurt the business; therefore we selected an intermediary, the Secretary of Commerce, whose business it is to build up the commerce of the country, to act as an arbitrator. and to say you folks could handle the service or allow the Navy to handle the service wherever necessary and yet at the same time to act in a manner so as to allow these private concerns to build up. That is the situation as it resulted from the investigation of this committee covering two years; if you do not want a Government monopoly, you can not break down the business of private people by making the business unprofitable, because then you will immediately have established a Government monopoly.

Mr. PIERSON. There is no profit in the press business.

Mr. EDMONDS. Yes, but it fills in at odd times, and you know what that means; you know a man's overhead is cut down by having full business. That is the result of the investigations of our committee and what we were trying to do, and I do not think any of you gentlemen come down here with the idea of establishing a Government monopoly?

Mr. PIERSON. No.

Mr. EDMONDS. You know what it means as well as we do. You know the Navy Department in its stations would have first call and you folks would come second and commercial messages would come third. We are endeavoring to give you some system by which to get back to private ownership and increase facilities and yet, at the same time, not to harm you—if you can suggest something which will enable you to handle your business and not break down the present system we are trying to promulgate.

Mr. PIERSON. We want all the lines of communication possible.

Mr. EDMONDS. That is it exactly, and you must realize to-day the radio business is in such shape that if you go to work and cut off half of the work of private concerns they are going out of business, and a Government monopoly will be established through that means alone.

Mr. PIERSON. They do not handle much press business. They can not handle it, and we have a statement from Mr. Nally to one of our correspondents in which he said they did not want it. And the Postal Cable Co. has made the same remark.

Mr. EDMONDS. The situation is such that you can go right ahead and get the work done by the Navy Department. We have said so

in that resolution. And yet, at the same time, we have tried to bring about this situation so that it would be fair to all concerned, and only this morning a gentleman told me of a large corporation that is going into the field of radio extensively, providing there is a field for private expansion of radio. Now, this company is big enough to put up all the stations in the world, and they are willing to go into the business, but they are not willing to go into the business if they are going to be faced with a Government monopoly. We are endeavoring to get away from that, and we would like you to help us get away from that. We want to give you the service, but we do not want to cripple private enterprise in doing so.

Mr. PIERSON. We are quite agreeable to it, as against Govern ment monopoly, but we are opposed to the power which is given to the Secretary of Commerce to interrupt this service. Mr. Chamberlain has been rather indifferent about being informed as to the interests of the press. They have given the press interests no notice whatever in any case. It has been necessary for us to inquire around and to keep alert as to what is being done which is not a proper way to handle the business.

Mr. EDMONDS. You all know the Secretary of Commerce and know very well there is no question, if any complaint of the kind were made to the Secretary of Commerce, but what he would try to correct it. I am not so sure, Mr. Pierson, that you are only afraid of what may happen in the future. You say you are opposed to this power given to the Secretary of Commerce. To whom would you give it?

Mr. PIERSON. To the Secretary of Navy.

Mr. EDMONDS. All right, then; give it to the Navy Department and you have established a Government monopoly eventually.

Mr. HARDY. Why should there be any more danger of a Government monopoly if the power is exercised in the discretion of the Secretary of the Navy than there would be if it was exercised in the discretion of the Secretary of Commerce?

Mr. EDMONDS. Because he is placed in an arbitrary position, and the Secretary of the Navy has told us he wants a Government monopoly, and if you place it in his hands he will have a Government monopoly.

Mr. HARDY. But this is a law, and you will admit the present Secretary of the Navy won't be there very long.

Mr. EDMONDS. For which favor, due thanks.

Mr. BANKHEAD. Do you think the radio people would be willing for us to pass a bill authorizing the Secretary of the Navy to enter into a contract with the press associations to do this business for a year's time?

Mr. PIERSON. I think they would not be greatly opposed to it, and I say that after speaking with Mr. Owen D. Young, vice president of the General Electric Co., who has charge of the American Radio Co. He said for six months they would not have adequate facilities to take care of press. Our main point is to get something definite.

The CHAIRMAN. Are you in such a hurry you want to take this action to-day?

Mr. PIERSON. No, sir. I have only this to say, that we have a large stack of evidence here of delays—delays of the Marconi and of the various cable companies from all parts of the world.

Mr. EDMONDS. Are you willing to submit those for the hearings?

Mr. PIERSON. Yes, sir.

The CHAIRMAN. Anything you want to submit, we will put in the hearing.

Mr. PIERSON. I want to say that there seems to be a great deal of interest in the investment of the Radio Corporation of America. The American Newspaper Corporations represent a capitalization of some hundreds of millions of dollars, and their interests ought to be considered in this matter, too.

(The committee thereupon took a recess until 2.30 o'clock p. m.)

AFTER RECESS.

The committee reassembled at 2.30 o'clock p. m.

The CHAIRMAN. Will you present your next witness, Mr. Britten?

Mr. BRITTEN. Mr. Chairman, Mr. Pierson had not finished when you took a recess this morning. I would like to have Mr. Pierson finish his statement to the committee.

The CHAIRMAN. All right; Mr. Pierson, you may proceed.

STATEMENT OF MR. JOSEPH PIERSON—Continued.

Mr. PIERSON. Mr. Chairman, after discussing the matter this noon, we think that the old resolution, the prevailing law, could be so amended as to cover all the things that we wish. We have not been able, however, to draft anything that would be exactly suitable; but I can read what I have.

The CHAIRMAN. What is your suggestion?

Mr. PIERSON. My suggestion is that, after the word "cease" in the resolution approved June 5, 1920, the following words be inserted: "for commercial messages other than press."

The CHAIRMAN. What other suggestion have you to offer?

Mr. PIERSON. Then, we would like to have the section in the proposed resolution defining press messages.

Mr. BRITTEN. That is, you mean section 3 in H. J. Res. 409?

Mr. PIERSON. Yes; section 3 designates what messages shall be known as "press."

Mr. CHINDBLOM. In Mr. Britten's resolution?

Mr. PIERSON. Yes, sir.

The CHAIRMAN. You want to add section 3 of H. J. Res. 409 to the law?

Mr. PIERSON. Yes, sir.

The CHAIRMAN. What is your next suggestion?

Mr. PIERSON. I have not completed a draft of that, but I would like to have some such language as this added:

Provided further, That the right to use such stations for press messages shall be permitted for a term of one year from the date of the passage of this act, and thereafter for terms of one year, if it shall be found, after a public hearing, that private radio facilities are inadequate for swift press service.

Mr. CHINDBLOM. Who is to conduct the hearing? That ought to be made clear.

Mr. PIERSON. Yes—"by the Secretary of Commerce."

The CHAIRMAN. You want to extend that right for a year, and then at the end of the year——

Mr. PIERSON. He shall then, after a public hearing, determine whether or not it shall be extended—or at anytime after one, or every year.

Shall I read this proposed amendment that I have drafted again, as I have made some change in it?

The CHAIRMAN. Yes.

Mr. PIERSON. This is the language of the proposed amendment:

Provided further, That the right to use such stations for press messages shall be permitted for a term of one year from the date of the passage of this act, and thereafter for terms of one year, if it shall be found, after a public hearing by the Secretary of Commerce, that private radio facilities are inadequate for swift press service; and the naval radio facilities may be opened up for terms of one year in the future, after a hearing before the Secretary of Commerce, in which he determines that the private radio facilities are inadequate to handle swift service.

The CHAIRMAN. Now that you have submitted that suggestion, the committee will have to allow an opportunity to anyone who opposes it to submit a statement, or anyone who has any criticisms to offer to do so.

Mr. CHINDBLOM. Of course, Mr. Chairman, this language is only a tentative suggestion.

The CHAIRMAN. Yes; of course.

Mr. CHINDBLOM. And along the same line of suggestion, I want to say now while I have it in mind that I think, perhaps, the purpose would be a little better expressed if the word "unless" was used, instead of "if"; so that the initiative will have to be taken for hearing; the initiative will have to be taken in order to have the hearing; and if no hearing is had or requested, then the Secretary of Commerce will be authorized to go ahead and reissue the permit.

Mr. BRITTEN. You mean the Secretary of the Navy will be authorized to reissue the permit.

Mr. CHINDBLOM. Yes; the Secretary of the Navy.

Mr. BRITTEN. Mr. Chairman, I will ask that you will now call on Mr. Young, of the New York World, for a few words.

The CHAIRMAN. All right, the committee will hear Mr. Young now.

STATEMENT OF MR. E. J. YOUNG, TELEGRAPH EDITOR, THE NEW YORK WORLD.

Mr. YOUNG. Mr. Chairman and gentlemen, I admit the chairman's indictment about our having been somewhat negligent in bringing this thing forward, because we did have hopes, that after the war, the thing would settle down; we thought conditions would become better. And therefore, although it was very expensive to us, we have been sort of letting things drift.

But now the situation has come to the point where we feel that something ought to be done at once.

But we are not here to try to do anything in the way of affecting public ownership. If the committee thinks it is wise to put this thing in the hands of the Secretary of Commerce, we are not trying to take it away from him. In fact we want all the facilities we can get, and we are not trying to do anything against the private companies, and

we hope that they will get their facilities up so that we will be able to use them to the utmost.

But the situation now is, so far as cable construction is in sight and so far as wireless construction is in sight, we do not believe that for the next year we are going to benefit the service.

I simply wanted, for my part, to tell a few things about what a telegraph editor has to go against in trying to handle the news:

About three months ago we sent our Paris correspondent over to Rome to try to get an interview with Premier Giolitti on the industrial upheaval in Italy. It was our own idea. And he got a man over there and made an arrangement for the interview; he got the interview. It was sent through the Italian service; it reached Paris within two hours, or three hours at the outside. The next day we got about 2,000 words of the last end of the story; no sign of the first end of the story at all. We could not use it until the next day, and when we came to use this end—and it was the result of our own enterprise—Signor Giolitti had concluded that I had gotten it a day in advance and he gave it to the press associations. In some way or other they got the service through and our enterprise went for nothing, because they printed the same thing we did; in fact, the afternoon papers got the benefit of our service. Now, I do not think we should be penalized in that respect.

Another instance occurred in connection with Geneva. Of course, that was the biggest thing in the world, the League of Nations; because, whether people believe in the League of Nations or are against it, they must admit that it is one of the most important things in the world, and that we ought to have the very best service from Geneva.

During the meeting of the assembly in Geneva, our man over there heard a speech by M. Briand, and concluded that it was one of the most momentous things in the world as affecting the United States. Here was the French representative appealing to the United States to come into the league; to make our own terms, if we wanted to; but at any rate he wanted us in the league. The press association gave part of that speech; our man filed the whole speech.

One section of that speech reached us about 1 o'clock in the morning, after our first edition had gone; another section, about the middle of the speech, reached us about 2 o'clock in the morning; and the net result was that, before we got the whole speech, all the editions were gone, and we were not able to print it that day. We did print part of it the next day; but by that time the people's interest in it had gone; we ought to have had it that first day.

In most of the proceedings in Geneva, the New York newspapers have found—and there is a test of what the facilities have been—that they could not get their special correspondent's dispatch through for the first editions; these are not the editions that circulate in New York, but the ones that go all around the country. And not only that, but those special stories are sold to newspapers throughout the country; and they ought to have those promptly. And sometimes we miss the second edition; and sometimes we miss the third edition.

The result is that the New York newspapers had to rely upon the press associations. The press association is good; there is no question about that; but the press association does not give the lights and shadows that this special correspondent is sent there to give.

And the result of it was that the Geneva conference was reported very badly by the newspapers of this country—and it was not their fault.

Last night, before I came down here, Mr. Fernandez, the managing editor of the New York Times, and I compared notes. And we took three dispatches from London and three from Paris that had just come to his desk. Those dispatches were filed, not at press rates, but at full commercial rates; we were not trying to get any favors at all; we were paying exactly what a man would have to pay for a regular cablegram.

The closest time from London was five hours; the longest time was seven hours. From Paris, the closest time was seven hours, and the longest time was nine hours. And those dispatches were sent at urgent rates.

Now, aside from not getting the news when it is fresh—and the American people want fresh news—that raises another very important point with the telegraph editor.

The CHAIRMAN. Those illustrations that you have given do not apply to the radios, as I understand; they only apply to the cable service?

Mr. YOUNG. Well, I am merely speaking of the general condition. What we are trying to do is to relieve that condition. We think if we can get the radio into action, we can sufficiently relieve that congestion of the cable companies, and on the other radios, so that we can get better service, and so that the business will not pile up.

Mr. EDMONDS. Did you ever investigate to find out what the trouble was in those cases?

Mr. YOUNG. Mr. Pearson is going to try to investigate over there, and he has investigated here; he will be able to tell you more about that than I can.

What we want first is certainly a year's certainty, in which we can say that we know we are going to have that service for a year; and therefore in New York, we can establish a center whereby we can get in contact with the Navy and ship this stuff to the newspaper offices.

Mr. EDMONDS. That is, if your facilities are all right here, at this end?

Mr. YOUNG. Then he is going over to London, and he is going to Paris, and the other European cities, with the certainty that he can have the facilities here. Then he is going to form his organization in Paris and his organization in London; but we can not form that organization unless we have the facilities here. That is what we want to get.

This is not any attempt to hurt the private companies, or to establish public ownership, or to play politics in any way. What we want is to have enough certainty.

For instance, if we get the certainty of having the Bordeaux station a couple of years, we can see that the matter goes from Paris to Bordeaux, on the French line, right away, and is shot across.

Mr. BRITTEN. You want more lines of communication?

Mr. EDMONDS. Has Mr. Pierson taken the question up with the companies to see whether they would be willing to increase their facilities to take care of this?

Mr. YOUNG. They are increasing them as fast as they can. You probably did not hear my first statement, to the effect that we are working, year after year, with seven, twelve or fourteen hours delay. We know that this thing can not be done right away; we can not catch up at once.

There is one point that I want to speak to you gentlemen on, that is entirely outside of the commercial end of it. Now, I have a right to say something in favor of the newspapers and their attitude in getting news to the American people.

In the war we did not have any censorship whatever. We had a gentlemen's agreement, and the newspapers kept that agreement. There were days after days during the war when the telegraph editors saw stuff that came across from various departments of this Government to them, that was let out and sent back to Washington, with the inquiry, "Do you want this story sent out?" And that matter was suppressed, because the newspapers felt it was unwise to give it out.

Our attitude is for the press to give the American people the correct news and the truth all the time.

Now, the handicap of that is this: Suppose a story originates in Washington from some propaganda agency, or suppose a story originates in Paris from some propaganda agency, and it gets on the wires and comes to us. The telegraph editor, from knowledge of things that have gone before, or of the conditions, says, "That does not look right." Suppose it is sufficiently based so that unless he can contradict it he has got to print it. Now, in the old times I could sit down and write a message to London or to Paris and say, "Is this true, or is it not?" And by the time it came back I could get a check on it at least. If it was doubtful, we could at least print with the story the opposite view of it.

Now, I think that every gentleman who has been in politics or who knows anything about public life knows that a lie travels much faster than the truth; the truth never catches up with a lie. And when the propaganda agencies are trying in every way to influence American public opinion, we ought to be in a position to check those stories.

Mr. EDMONDS. I guess that is why you have so many false stories in newspapers recently.

Mr. YOUNG. Absolutely; I throw away two-thirds of the stuff that comes to my desk; and it comes in constantly. But there are times when I have to print those things.

Mr. EDMONDS. Yes; I used to be in the newspaper business myself, and I know something about it.

Mr. YOUNG. Yes; those are the conditions that exist. Well, we got a very strongly based story the other day, of a very serious financial condition in London. We found out two days later what it was—the story of one bank. But the story had gotten over here, and had gotten around in authoritative circles that there was going to be a tremendous bank failure in London. I did not print that story; but the point of it was that I wired to London to get a confirmation of the knowledge of that thing. The reply to that message came back 24 hours later. I should have been able to reach London and get a reply in three or four hours.

Mr. EDMONDS. How did you do it—by wireless or by cable?

Mr. YOUNG. By cable. But it is the whole situation that is bad; it is just like an electrical circuit; it has a peak of production and load. Now, in New York City 8 o'clock is the peak of the load, when the wires are carrying everything they possibly can.

Mr. HARDY. If I understand you correctly, what you want to do, is when you want to send a message, if you can not get the privilege to send it one way, you want the privilege of sending it by another way?

Mr. YOUNG. Absolutely; we want our man in Paris to be able to go to the cable company and say, "Can you get this message to New York?" And if the cable man says, "No, I can not send it," we want our man to be able to say, "All right, if you can not carry it, the naval wireless can."

Mr. HARDY. As I understand you, you hate to see a horse right at your door and not be able to ride him, when you have got no other horse?

Mr. YOUNG. Absolutely. Now, we are not trying to advance any Government ownership proposition; but here is a facility which is not doing anything; and why should it not earn its keep, and at the same time serve us?

Mr. HARDY. Especially, if you have got nothing else that you can use?

Mr. YOUNG. Yes; that is absolutely the case. We do not want to use it a day longer than the time comes when the private companies can take hold.

Mr. HARDY. But I am afraid that I have interrupted your discussion, showing the necessity of a continued use, or of having some certainty.

Mr. YOUNG. That is absolutely necessary. Time after time I have wanted to send to London or Paris a line requiring an answer that same night.

Here is another feature of the situation: On account of the crush, very often the matter comes in in a mixed-up form; there will be very bad errors in it. Now, in the old days we could cable Paris, or cable London, and get back the correction. But now we have simply got to take our chances and read it as best we can. And at times it is almost impossible to make anything out of it; we have simply got to read it according to our best judgment.

Mr. CHINDBLOM. Let me ask you this: How does the volume of news from Europe now compare with the volume of news that came from Europe before the war?

Mr. YOUNG. Mr. Pierson knows more about that than I do; he has been gathering the statistics.

Mr. CHINDBLOM. Just before the war, I mean?

Mr. PIERSON. I think the volume is very much heavier. In fact, I know it is.

Mr. CHINDBLOM. Well, can you give us some estimate of the proportion of increase? Would you say that it is double what it was?

Mr. PIERSON. I can not judge of that. On transmission it is about double now; it takes twice as long to get a message across; and it is more irregular than it was before the war.

Mr. CHINDBLOM. I asked about the volume of business?

Mr. PIERSON. Well, the volume of business would include commercial messages; I do not know anything about that.

Mr. CHINDBLOM. I did not mean commercial messages; I meant for the press.

Mr. PIERSON. For the press, I should say that the volume of business is now about one-third more.

Mr. YOUNG. You speak of commercial messages. You know that the commercial business has grown tremendously?

Mr. CHINDBLOM. Yes; I know that.

Mr. YOUNG. And the increase of our volume of trading has thrown a tremendous volume of business on the wireless.

Mr. BRITTEN. Of course, we all know that the conditions of the entire world have caused a great increase in the amount of news; and that the conference at Geneva, and the upheaval in Europe, make for more news service; and I am surprised to hear Mr. Pierson say that there has been an increase of only one-third since the war; I should think it would be five times as great now as before the war.

Mr. YOUNG. I should say at least double.

Mr. CHINDBLOM. I wanted to know just what the increase had been.

Mr. YOUNG. It is a tremendous increase; but I can not give you the figures.

Mr. HARDY. Is there anything in the suggestion that, even with a very slightly enlarged service, the service itself is somewhat deranged and not as efficient as it was before?

Mr. YOUNG. Yes; that is true.

Mr. CHINDBLOM. In other words, do you get the same efficiency in the service that you have?

Mr. YOUNG. No; we do not.

Mr. CHINBLOM. Then, it would take longer to transmit the very same service?

Mr. YOUNG. Yes, sir.

Mr. CHINDBLOM. And your service has increased, while the efficiency of the communication services has decreased?

Mr. YOUNG. There is no question about that.

Mr. BRITTEN. Mr. Chairman, will you be good enough to call Mr. Furay, of the United Press, next?

The CHAIRMAN. Yes; we will hear Mr. Furay now.

STATEMENT OF MR. J. H. FURAY, REPRESENTING THE UNITED PRESS.

Mr. FURAY. I have only a short statement to make, Mr. Chairman.

Mr. CHINDBLOM. Will you give the stenographer your full name and your official connection?

Mr. FURAY. J. H. Furay, foreign editor of the United Press.

I think there has been somewhat of an erroneous impression created in some minds regarding this whole matter.

I think we ought to say that we have no controversy or no quarrel with any cable companies or with any radio companies, and we do not feel that they have any controversy or quarrel with us. All we are trying to do is to get additional facilities for carrying American press news from Europe and carrying news of America to Europe, to Japan, to South America, and to other parts of the world.

We want to make it possible to get our news for American newspapers here more speedily and more completely and more comprehensively, and at the same time make it possible to send more American news abroad.

I think it is very important that we emphasize not only the coming in of foreign news but the sending out of American news. All we are trying to get is the use of the Navy radio as an additional, supplemental proposition, enabling the newspapers to have an overseas communication with the rest of the world. I do not believe that point has been sufficiently emphasized in these discussions so far.

We have had considerable delay in radio with the Radio Corporation of America. As a consequence of that I believe that the radio is not very generally used by newspapers from England.

The reason is not so much that you can take a specific message, or a series of specific messages, and average the transmission time, because you might average the transmission time of specific messages, and it would be very good. But the difficulty has been that it has been so irregular; there would be a week when you could send practically nothing, or when you would be discouraged from sending anything from England, for example.

The CHAIRMAN. That is, news on the other side of the water coming this way?

Mr. FURAY. News on the other side of the water coming this way—in England, for example—or sending from this country over to the other side of the water. Then there would be a week when you could not send anything.

The consequence is that if you took a series of messages—maybe one every four days—the message itself might come very regularly, but the very fact that there were three or four days when you could not send a message would make the service practically useless.

Now, we have no particular complaint to make about that. We have no particular complaint to make of the Radio Corporation, except that the service has not been adequate, as Mr. Owen Young told Mr. Pierson and me in his office one day; and it will not be adequate, as he said, until some time next summer. What we want to try to do is to make this house resolution (H. J. Res. 409) of such a character that we can get the Navy wireless and use it, and have it of a sufficiently continuing character so that we can place reliance on it; and I think that point is covered in the suggestions offered by Mr. Pierson since this session began, permitting the Secretary of the Navy to make arrangements for a year, and to continue them thereafter for periods of one year after a public hearing by the Secretary of Commerce.

That is all I wish to say, Mr. Chairman.

Mr. BRITTEN. Mr. Chairman, will you be good enough to call Mr. Percy S. Bullen, of the London Daily Telegraph? He may have something to say to the committee concerning obstacles in the way of getting news to the other side.

STATEMENT OF MR. PERCY S. BULLEN, AMERICAN EDITOR OF THE LONDON DAILY TELEGRAPH.

The CHAIRMAN. Please give your name, address, and occupation.

Mr. BULLEN. Percy S. Bullen, American editor of the London Daily Telegraph.

Mr. Chairman, my statement will also be very brief. All that Mr. Young, of the World, has said has related to the import of news from Europe to the United States. Mr. Furay briefly mentioned the question of the export of news from the United States to the other side.

I want to say, from my experience during the last two or three years, that the delays on this side are so bad as to make the service very, very indifferent; the delays are about three times what they were before the war. For instance, in an orderly way, you should send a message up to 5 or 6 o'clock American time, to the other side, with an assurance of its being printed the next day. At present time, you can not send it after 12 o'clock, as a rule.

Mr. CHINDBLOM. Do you mean after 12 o'clock noon?

Mr. BULLEN. Yes, sir; after 12 o'clock noon.

The CHAIRMAN. You mean messages from this side to the other side, do you?

Mr. BULLEN. Yes, sir; messages from this side to the other side.

The CHAIRMAN. Are they cabled messages?

Mr. BULLEN. Yes, sir; the cable, especially. As regards the radio, it is so uncertain, so far as our personal experience is concerned, that I would not like to rely upon it at all. I hope there will be great improvements; but anything we can say as regards defects in transmission to this side will apply with equal force to defects in transmission to the other side.

I understand that there are defects caused by "static disturbances," which are as common to one side of the Atlantic as to the other. It is true, as Mr. Furay said, that for two or three days you might send dispatches, and then, on the fourth and fifth days, you could send nothing at all.

Generally speaking, the service since the war, in my opinion, has been only about half as good as it was before the war, with the result that the news sent from this side, when it is printed on the other side, is sometimes very stale, and stale news is the same as stale milk, it is very unpalatable, and it does not feed the intellects of the people.

I speak from an individual experience of sending about 1,500 words per day.

I have not used the radio, because, as I understand, the existing radios—that is to say, the private commercial radios—are so filled up with commercial business, at 25 cents a word, that they do not wish to send press messages at 7 cents per word, that is their position. It is also the position of the Commercial Cable Co. and the Western Union Co.; they are equally so crowded with commercial work that I am sure they would welcome with great enthusiasm any relief that you could suggest in the way of temporary use during the emergency of the naval radio facilities. That is all I have to say, sir.

Mr. CHINDBLOM. Just one question. You say that the radio service is injured due partially to static conditions?

Mr. BULLEN. So I understand, sir; that is the explanation that is given when a message does not go through.

Mr. CHINDBLOM. That, of course, is a matter of future improvement of the radio service. That condition applies equally to the naval radio stations as to the private radio stations.

Mr. BULLEN. Absolutely. There is a general impression that you can exchange messages with the greatest facilities between the two sides. Anybody that has used the radio will tell you that is quite the reverse of the facts. It may be extremely good for some days, or it may be good for some hours; but so far as our personal experience is concerned, there is no good radio service possible under present conditions. That is the main reason, I suppose, why they do not care much about taking press messages; they are so accumulated with the commercial business, and have to make provisions for certain demands there, as well as for the static disturbances and the accumulations which result from those delays.

The CHAIRMAN. Well, if I understand you correctly, the commercial business and the Navy radio service are not good; consequently, you would have to go somewhere else to get your relief?

Mr. BULLEN. I am not an expert, Mr. Chairman, on radio; but I understand that both services, whether private radios or whether it is the official Navy radio, are subject to the same hindrances; one is about the same as the other.

The CHAIRMAN. Therefore, I say your relief must come from somebody who will furnish something better than radio.

Mr. BULLEN. Well, the hope is that the radio will considerably improve; they do afford considerable relief at times for a certain number of messages.

Mr. DAVIS. Is it not a fact, however, that when the radio companies are overburdened with business they are less able to send messages during favorable static periods?

Mr. BULLEN. They are less able to send messages during disturbed periods, when there are static disturbances.

Mr. DAVIS. Well, I mean during favorable periods; in other words, if they have enough business to take up their facilities 24 hours a day, they are compelled to send messages continuously, regardless of static conditions.

Mr. BULLEN. Yes, sir.

Mr. DAVIS. Whereas, if they were not so overburdened, they would be glad to send more messages during favorable periods?

Mr. BULLEN. Our experience is that during favorable sending time the private radio is so crowded with commercial business that they do not care a rap about the press business.

Mr. DAVIS. The press business, then, is compelled to rely upon unfavorable static periods?

Mr. BULLEN. Not necessarily. There are times, no doubt, when the private radios would be glad, if they could, to give special service to press messages.

But what I wanted to say was this: That so far as my personal experience is concerned, in cabling every day, it is that the private radios do not object to press business going over to any other concern; they are so crowded with commercial business, at 25 cents a word, that they are not too keen about handling press business at 7 cents.

Mr. EDMONDS. How would it be if you would pay them 30 cents?

Mr. BULLEN. I do not think it would be any better. I do not think they want press business; the messages are too long; and not only that, but the messages must be sent very quickly; and that does not always apply to private messages; they do not get "kicks" in regard to private messages.

Mr. EDMONDS. Do you use code in your messages?

Mr. BULLEN. No, just plain words, and very little skeletonized; in fact, I personally always put in the periods as well; it costs another 7 cents, but it saves it getting "balled up" at the other end.

Mr. HARDY. The whole substance of it is that there is too much business.

Mr. BULLEN. Too much business.

Mr. HARDY. For the facilities available, even including the naval facilities.

Mr. BULLEN. Yes, sir. And of course the big cable companies and the private radio companies would welcome any relief which they could get in any way from any existing sources during the emergency. And the understanding is that the cable system is so congested and the congestion is so slow that it is not possible to afford relief in a year or two.

Mr. CHINDBLOM. They have trouble landing some of the cables too, do they not? (Laughter.)

Mr. BULLEN. I believe they do.

Mr. BRITTEN. Thank you for your kindness, Mr. Bullen.

Mr. Chairman, will you kindly call Mr. Marlin Pew, of the International News Service?

STATEMENT OF MR. MARLEN E. PEW, REPRESENTING INTERNATIONAL NEWS SERVICE.

The CHAIRMAN. You may proceed with your statement, Mr. Pew.

Mr. PEW. Mr. Chairman and gentlemen, I hope that the committee will act favorably on this amendment. I hope that you will take into consideration the fact that we need this year, not only to turn around in but to avoid what happened in August last:

When I learned that the Department of Commerce contemplated the return of the Navy radio—or of the press business from Navy radio—to private corporations, I was perfectly well convinced in my own mind that it was premature; it was a mistake and would result in great congestion. At that time we were suffering from acute indigestion.

I called our Washington bureau manager, Mr. Philip Sims, by long-distance telephone immediately and I told him to see the Secretary of Commerce, Mr. Alexander, and to tell him that we protested; that we were confident that this turnover was premature, and to ask him to give it further consideration.

Mr. Alexander replied that he had assurances from the Radio Corporation of America that it was in a position to handle the commercial and press matter; that if, however, the Radio Corporation should not make good, he would be very glad indeed to turn it back to the Navy.

We are here to-day as a consequence of that action. I do not believe that it would be possible for Mr. Pierson to work out his mission in Europe, unless he has that year's permanence. He wants to make an arrangement with all of the American newspaper correspondents, and French correspondents for American newspapers, to league together, to operate with our committee; and certainly he does not make such a proposal to them unless he shall have a reasonable assurance of its permanency for a year.

We do not know what the future holds; but it would be our idea that there will be no actual important relief on the cables or the radio systems within 12 months.

It does not make any difference, gentlemen, how you transmit messages from Europe to the United States; you will have delays and you will have embarrassments. Mr. Pierson used the word "chaos," and that was objected to by some of you gentlemen. As a matter of fact, it is chaos. I will give you an indication and a proof of that:

We sent by Western Union on the 13th of November a message from London. It took 4 hours and 29 minutes elapsed time to transmit that; it cost us 25 cents a word; it was sent as urgent. I may remark that our service is an evening service; and in evening newspaper work now, practically all of our cable and radio stuff is sent at regular commercial rates.

I am talking now of spot news; we send it at regular commercial rates, to get speed, and pay 25 cents a word, and gladly do it.

But the fact is that it avails very little, because you see, on this same day that I mentioned, we had a little stuff at the 7-cent rate, and it took 6 hours and 49 minutes. From Paris, on the same day, I see that it took us 10 hours and 30 minutes to transmit a message at a 10-cent rate; and on the same day, by French cable, there was 14 hours and 23 minutes of elapsed time on a message for which we paid 25 cents a word. So you see it does not make any difference; and I think these figures are rather significant as indicating that the press of business is beyond the control of the cable and radio companies.

Mr. CHINDBLOM. Are you informed on this question, or is anybody present informed on it? Whether the European Governments—say the British and the French Governments—are rendering any assistance, through naval radio apparatus or stations, in the transmission of news?

Mr. BULLEN. Mr. Pew investigated that in London.

Mr. PEW. As a matter of fact, our resolution—the original resolution that was drawn by this committee when this committee was formed—was noted by the London Publishers' Society. I understand that that is composed of all of the proprietors of all of the principal London newspapers. And these resolutions were noted and were approved, and similar resolutions were adopted; and I think there is a movement on foot——

Mr. HARDY (interposing). When you speak of "resolutions," do you mean House joint resolution 409?

Mr. PEW. No, sir; I mean the resolution of our newspaper committee.

Mr. CHINDBLOM. What is the title of that committee?

Mr. PEW. I think it is the American newspaper communications committee.

Mr. BRITTEN. No; it is the American publishers' committee on cable and radio communications.

Mr. PEW. Yes, sir; that is it—a very long name.

Finally may I remark, Mr. Chairman and gentlemen, that there is significance, if you please, in the fact that practically all of the great news concerns of this country are represented on this committee. And I think my colleagues will bear me out that this is the first time that the newspapers have suspended their heated rivalry long enough to come together in a common purpose of this sort.

Mr. DAVIS. In that connection, and in order to compare pecuniary importance of the private radio industry and the newspaper industry of this country, I want to ask you if there are any available statistics of the money invested in the newspapers and the news agencies in the United States?

Mr. PEW. Hundreds of millions of dollars, of course; I can not tell you exactly. The American Newspaper Publishers' Association would have statistics. The president of that association is Mr. T. R. Williams, of Pittsburgh; they would have such statistics; but of course, I know it is hundreds of millions of dollars.

Mr. DAVIS. Well, will you be kind enough to procure such information and send it to the committee for our information?

Mr. PEW. I shall be very happy to do so.

Mr. CHINDBLOM. I asked the question with the idea of ascertaining whether there was any reciprocity that might be adopted by you gentlemen in this matter.

Mr. PEW. Yes, sir; we have that in anticipation. As a matter of fact, the British Amiralty will grant a similar favor to the British press; and we think it not impossible that there may be an exchange, ultimately, of radio between our services and their services.

Mr. EDMONDS. Has the British Admiralty any long-distance radio?

Mr. PEW. Long-distance radio? Yes, sir.

Mr. EDMONDS. I understand that the British Government operated under a contract from the Marconi Co.; that was testified to before this committee a year or two ago.

Mr. PEW. I do not think so. Am I right about that, Mr. Pierson?

Mr. PIERSON. There is no long-distance admiralty station.

Mr. PEW. Well, they have a reception station.

Mr. EDMONDS. Well, that is a very simple matter, as compared with long-distance radio.

It has been testified here that none of the important commerce has been shut off by the Navy radio, because, in all important places, the naval radio is running it, and that you are still using it.

Mr. PEW. No, sir; last week it was turned on again; it had been off for about six months.

Mr. EDMONDS. It was not off in the Pacific, was it?

Mr. PEW. No.

Mr. EDMONDS. It was not off in France, was it?

Mr. PEW. Yes, sir.

Mr. EDMONDS. Well, it was testified here this morning that it was not.

Mr. PEW. I beg your pardon.

Mr. EDMONDS. Mr. Chamberlain, did you not testify this morning it was not shut off in France?

Mr. CHAMBERLAIN. I do not think it has been off 24 hours or 24 minutes in France. I think you are mistaken, Mr. Pew.

Mr. EDMONDS. After all, what you are after is to get some basic time limit that you can use for negotiations on the other side; I think that is what you are driving at, as shown in the testimony. I do not believe that we have harmed the press business very much by turning off our radio. I think you have been served better here than you have on the other side; but you want, basically, to have some arrangement made here by which you can dicker with those people and get better service on the other side.

Mr. PEW. That is quite true; but take it as it is, this very moment as we sit here the people of the Pacific coast are cut off from this hearing; we have been cut off since 10 o'clock this morning from the Pacific coast and everything west of Nebraska.

Mr. EDMONDS. Why?

Mr. PEW. Because the wires are all down now.

Mr. EDMONDS. Well, that is a very unusual circumstance.

Mr. PEW. That is an unusual circumstance. But I call your attention to the fact that while that is going on there are in Washington a number of trained wireless men and a $1,000,000,000 plant here—or, at least, at Annapolis. I call your attention to the fact that at San Diego there is another great plant which is practically useless. We should be sending messages. I do not know what is happening on the Pacific coast now; I hope there is not another earthquake going on there, but I do not know. Of course, that is a very unusual situation, but it is a concrete illustration.

Mr. BRITTEN. It is my impression, Mr. Chamberlain, that on December 8 the Secretary of Commerce turned this radio service back to the private corporations; and I believe the French Government refused to handle it.

Mr. CHAMBERLAIN. I beg your pardon?

Mr. BRITTEN. And during an interval of 24 hours, or more, it went back to the Navy Department. Just what was there in that controversy, or that condition?

Mr. CHAMBERLAIN. In France?

Mr. BRITTEN. No; between this country and France; there was a stoppage for 24 hours; what occasioned it?

Mr. CHAMBERLAIN. My impression is that there was no stoppage; you are in error. And the reason I think so was that at the time I inquired at the Navy Department, and found that they had not stopped it; and I think Admiral Bullard will corroborate on that. I will ask the Admiral to corroborate that statement.

Mr. BRITTEN. Why was it necessary, then, some two weeks ago for the Secretary of Commerce to notify the Navy Department that it might continue with this news service? I know that he did that, because I have a copy of the letter in my office.

Mr. CHAMBERLAIN. So do I know that.

Mr. BRITTEN. Why was that necessary?

Mr. CHAMBERLAIN. It continued, as a matter of form, in spite of of this letter.

Mr. BRITTEN. It continued, in spite of the letter from the Secretary of Commerce?

Mr. CHAMBERLAIN. Yes; in spite of the letter from the Secretary of Commerce.

Mr. BRITTEN. Well, just why did it continue? Did not the French end of the line refuse to take the news?

Mr. CHAMBERLAIN. I really can not say; I do not know. I am not really in the confidence of the French Government; why they did not operate I do not know. They sent a dispatch to the Navy Department saying they were not able to go on; whether it was because of physical reasons, whether it was because their apparatus did not work, or whether it was because they did not want to do it, I could not say.

Mr. BRITTEN. Did not the Secretary of Commerce attempt to take the business away from the Navy Department?

Mr. CHAMBERLAIN. No, he did not attempt to do it; but at his suggestion and with his approval, as I have said this morning, this arrangement was effected, after a conference between the private corporation, the Radio Corporation of America and Admiral Bullard.

Mr. BRITTEN. Were the newspaper men called into that conference?

Mr. CHAMBERLAIN. No.

Mr. BRITTEN. And at that time the Secretary of Commerce notified the Navy Department to cease the business?

Mr. CHAMBERLAIN. He notified them under the law. And the only reason they were unable to do it was because the French end was not working.

Mr. BRITTEN. The French end would not accept the business?

Mr. CHAMBERLAIN. All I can say is that they were not working; whether they could not accept it, or did not want to accept it, I do not know.

Mr. BRITTEN. Does that not make it evident that something ought to be done in this matter by Congress, when the Secretary of Commerce, without consulting the gentlemen who are supplying the news to the world, notifies the Navy Department that it should cease doing a certain kind of business, without even the knowledge as to whether that stopping of it will provide for reception of the news on the other side? It developed that the French Government would not take the news, and that the Navy Department had to continue transmitting and receiving that news; that is very evident right on the face of it.

Mr. HARDY. The French Government made a distinction between the news coming over the naval radio and that coming over private radios, did they?

Mr. BRITTEN. Yes.

Mr. HARDY. Refusing to take the messages over the private radio?

Mr. BRITTEN. Evidently they did.

Admiral BULLARD. Mr. Chairman, if you please, I can explain this little discrepancy by this statement:

That on December 2 the Secretary of Commerce notified the Secretary of the Navy, in accordance with the joint resolution, that the private companies, the American companies, were ready to resume their normal communication with France. He got that information, I presume, from the American Radio Corporation, who said they were ready; but it developed that the American Radio Corporation made their agreements with the French private company, and had not made their agreements with the French Government. And, therefore, the French Government said, "No; we will not recognize the right of the American company to make an agreement with the French company; but they must make it with the French Government." So that there was a holiday there of a week, in which we continued the business; it was withdrawn there for a week. But later, the service was inaugurated. But it was due to a little jealousy on the part of the French Government.

It seemed that the American corporation made all arrangements with the French private companies; and the American company, acting in good faith, told the Secretary of Commerce that they were ready to operate; and the Secretary of Commerce, acting in good faith, told us that; and we, acting in good faith, stopped the service. And then it developed that the French Government, which owns and controls the stations there, said, "No; we do not know anything about this arrangement"; but they said that they would fix a date when they would turn it over to the French private companies to operate with the American private company; and they set that date on the 15th of December; and in the interval, the seven or eight days, the Navy continued to operate the commercial business. And we did considerable commercial business in that time, and we also did press business; we continued to do press business, because the French Government, which controls the stations on the other side, had made arrangements with this private French company, or with the private American companies; and they distinguished between commercial business and press business; they said they were different. Therefore, they said to us, "We will continue to handle the French press business, and we will expect you to handle the American press business."

And we did continue, and are continuing, and the messages are going out and coming in every day over that French circuit.

You must remember, gentlemen, that you are only on one end of the circuit, and can only control one end of the circuit. We can come to all of the conclusions that are agreeable to ourselves, and make all the laws that are agreeable to our own people; but unless you have someone on the other side to cooperate with you, all your laws fall to the ground and are of no use. If you make an agreement saying that the American naval stations can make communication with France, Germany, and Belgium, that does not make it so; somebody has got to go and make a reciprocal agreement with those Governments; it is an international affair entirely.

And the feelings of the French Government were hurt about this matter because they had not been consulted; the arrangements had been made with the French private company. And they said, "We will not agree to that; but we will show we are acting in good faith; and we will extend it for a week." And they did extend it for a week; and due notice was given by the Department of Commerce that this suggested arrangement on the 8th of December was not to go into effect until the 15th, and it did not go into effect until the 15th of December. But in the meantime, the press business went on just the same, because the French Government made a distinction between press business and commercial business, and also Government business.

It seems to be the desire of many stations on the other side to conduct their news business through their Government stations; to conduct their news and Government messages through Government stations, and to leave to the private companies the purely private commercial messages, because they have enough business to fill up their circuit, and it is hardly reasonable to subject them to that.

This is all a matter of pure selfishness on the part of these people. The cable companies do not take your messages because they are filled up with more highly paid stuff. Why should they take a message at 7 cents a word, if they can get 25 cents a word for all their business? Why should the American Radio Corporation, or any other corporation, send a message across the Atlantic for 7 cents a

word, when they can work 24 hours a day for 25 cents a word? There is really selfishness in all of this. And possibly I can see selfishness on the part of the newspaper people in wanting to wish all of this thing on the Government.

I have not been asked to say anything in this hearing; but now that I am here I have an excuse to speak.

And I want to ask what the Government will get out of it? What the Government would like to get out of it is increased operating experience for our people. That is the biggest benefit we can get; if we can keep our operators busy 24 hours a day they will become that much more expert; and when trouble comes we will get along better. That is what we would like, to be able to keep our people and our equipment efficient. If you keep a machinery idle, it will rust; but if you keep it going it will remain in good condition. And that is the way with our people and our equipment; we want them kept busy.

This suggestion did not originate with us. I notice that the Secretary of the Navy has been mentioned a great deal (although not by name, but only by title) in this matter; and yet he does not know the first thing about it; he does not know that this resolution has been introduced; I have not told him, because I did not know anything about the resolution myself until yesterday; I did not know this hearing was going to be held until Mr. Britten told me this morning.

But I think the Secretary of the Navy is a very interested party in this matter. His name, or rather his official title, is being continually used in this hearing. And under ordinary circumstances I should like to go to the Secretary of the Navy and ask him if I could represent him in this matter. Of course, anything I may say now does not mean anything final, because it is up to the Secretary of the Navy.

The CHAIRMAN. Well, the Secretary of the Navy will carry out the desires of Congress?

Admiral BULLARD. Undoubtedly.

Mr. HARDY. Admiral, while you have your facilities in the Navy Department, would not the transmission of press news help to pay the expenses of that establishment?

Admiral BULLARD. It would be very helpful, of course. And, of course, those stations have a very large overhead expense. While they were originally built and are maintained for Government purposes, there is a good deal of usable time left when they can be earning something for the Government.

Mr. HARDY. These services would add almost nothing to the overhead cost to the Navy?

Admiral BULLARD. No; it would reduce them, by bringing increased efficiency. And what little comes into the Treasury certainly will be felt at this time. Of course, the Navy radio service was not designed to make money, and yet we turned into the Treasury last year $1,500,000 that nobody knows anything about. The Navy radio service is worth a good deal of money these days. And if the Government can make 5 cents or 7 cents a word, I say let us do it.

Mr. BRITTEN. And accommodate a national desire?

Admiral BULLARD. And accommodate a national desire, and serve a purely patriotic motive. I think these gentlemen of the press

are actuated by the highest form of patriotism. And what I have worked for for months is to get the news, from our point of view, disseminated in foreign countries, so that they will know what we are talking about and doing. I have lived abroad myself, and there is only one place that I ever saw any American news, and that was in Paris, where there were two American papers published, the Herald and the Tribune. But you could live for weeks and weeks in London and you would not hear of anything that was going on in this country except some lynching in Tennessee.

Mr. BRITTEN. Yes; that is the character of news you would get over there.

Admiral BULLARD. Yes; only such news as that. Of course, you could preach a sermon on this business of communications. It is a favorite subject with me. And I believe that if you can tell the man in Tokio, Japan, what we are thinking about, and can tell our people what they are thinking about, it would be almost the same as getting those men together at a table and letting them talk matters over. I believe in talking over troubles and straightening them out; and the more we know what goes on all over the world, and the more the world knows what goes on in America, the more friendly we will be with other countries, and the less chance there will be for disturbances in the future.

But our American news does not get around; it is getting around somewhat better now. We are sending news to the East, into Tokyo, and Peking, and Honolulu, and into the Philippines. There is Porto Rico, one of our possessions right alongside of us, and yet up until two months ago we never got a bit of news from Porto Rico that did not filter through London or Paris. And all the American news that filtered through in that way reflected that point of view.

But recently we have established a very good system of communication with Porto Rico, and now the Porto Ricans know what we are thinking, and they know a good deal more about us; they know about the laws that are being passed, and what we are thinking about; they can read in to-morrow morning's paper that there has been a hearing before this committee about the transmission of news.

Now, all of that has been done on the initiative of the newspaper press associations. They have come to us, and we have very readily placed every facility at their disposal that we have that was allowed by law.

Now, the Navy Department has not sought this measure and we know nothing about it, except that a week ago Mr. Pierson told me that he expected to do something like this; to have a change made in this resolution; and he asked me what I thought about the matter, and I said, "We are perfectly neutral in the matter; we have no axes to grind in the matter; but we will gladly help, for the reason that it will be of benefit to us. It will give our operators experience. You will be able to shoot thousands of words across the ocean where you are now able to send hundreds, and you will get better service right along."

And although the people in other countries speak different languages from ours, they will be able to understand each other better if they get the news of what is going on over here, and what we are thinking about, and if we know what is going on in other countries.

We get the news from Geneva every day; it comes in to us and is put in the form of a big bulletin and posted up where people can see it; and it is available for every newspaper association represented in Washington. Those bulletins come in every night, and they give a fairly clear idea of what has been going on in Geneva; and they are away ahead, 10 or 12 hours ahead, of the Associated Press bulletins that come across on the cable. Of course, they are only skeletonized news, and it takes an expert newspaper man to fill them in and read into them what has happened.

Mr. Chairman, I did not intend to say all of this when I got up, but I am very glad to have had the opportunity. I only wanted to straighten out that branch of the business that has been discussed by Mr . Britten.

I will call your attention, if this resolution is to be considered at all, or the amendment to the original resolution, to what I did not like in the original resolution, on page 2, section 2, in the last paragraph:

> And the Secretary of the Navy may be, and he hereby is, authorized to enter into contracts.

Enter into contracts with whom?

Mr. BRITTEN. Well, ostensibly, of course, with the newspaper associations.

Admiral BULLARD. Well, if that is correct, that is all right.

Mr. BRITTEN. Yes; that is what it means.

Admiral BULLARD. But it looks as if the Secretary of the Navy may enter into contracts with the other countries. And it is not the duty of the Secretary of the Navy to enter into contracts with other countries.

Mr. BRITTEN. That is not what it means.

Admiral BULLARD. I only call your attention to that, as long as I am here now, and I may not get another chance.

In section 1 it provides:

> Subject to control of such rates by the Interstate Commerce Commission, at a rate not less than the cost of service to the Navy Department.

It will be very difficult to find that out; it seems to me that that can be readily deleted, if this resolution is to be considered, and just put the rates up to the Interstate Commerce Commission.

Mr. BRITTEN. May I interrupt you and say that the new suggestion which has been made by these gentlemen is to take the existing law and amend it slightly?

Admiral BULLARD. Then it will not have these objectionable features?

Mr. BRITTEN. It will not have these objectionable features at all.

Admiral BULLARD. Then I have nothing to say on this.

I should only like to say that I know that I can speak for the Secretary of the Navy in saying that he will gladly put all the facilities at their disposal when they are not in use for Government needs, which this resolution provides, of course; it is subject to Government priority. We will place every facility at the disposal of all the news agencies and the newspapers, so that they can work full tilt—if they want to work 24 hours a day, we can do so. And so that we can work, not only for our own selfish needs, but for the selfish needs of the newspapers.

Mr. BRITTEN. Thank you.

STATEMENT OF MR. MARLEN E. PEW—Resumed.

Mr. PEW. I would like to say again that the newspapers were notified that the Secretary of the Department of Commerce had ruled that the private radio corporations had claimed their ability to handle press; that this occurred in August; that the order went out and the service was suspended, in so far as I know. If the Navy Department, since that time, up to one week ago, has been carrying press—and I mean by "press," not reports of the agency people to the Navy Department, written by some Navy man——

Admiral BULLARD (interposing). They are written by some expert there; I do not know whom.

Mr. PEW. By a Government official; but when I speak of "press," I refer to matter written by an accredited newspaper man, for the publication by which he is employed, or an association.

Admiral BULLARD. We did not do that except in the case of the French.

Mr. PEW. Have you been carrying "press" since August?

Admiral BULLARD. For the French; I told Mr. Pierson that, and he expressed surprise.

Mr. PEW. Well, I express great surprise, and if you please, a little indignation, that our service has not known that until this time. We received the notice that the service had been suspended.

Admiral BULLARD. With France?

Mr. PEW. Yes.

Admiral BULLARD. Not from the Navy Department.

Mr. PEW. As I told you, I sent a message to the Secretary of the Navy protesting against this as a premature action, and as being against the public interest, in our opinion.

Admiral BULLARD. That is too bad, because that service has been open all the time.

Mr. BRITTEN. Have the newspaper people generally known that this service was open?

Admiral BULLARD. I do not know whether the newspaper men have known it or not.

Mr. BRITTEN. Well, have they taken advantage of it?

Admiral BULLARD. No.

Mr. BRITTEN. Well, that is the best evidence that they did not know of it; that they have not called upon it.

Admiral BULLARD. Now, you are going into a field that is unknown to me. I can only say that Mr. Pierson came down the other day, and he wanted to know if he could send a message to France. I said I did not know why not; and circuit was open every day; and he said, "I will give you 500 words to-night." And he did give me 500 words, and was apparently surprised that it was open. But the thing has been freely open.

Mr. BRITTEN. The thing has been freely open, but no notice has been given about it?

Admiral BULLARD. The Navy Department can not go into advertising these things.

Mr. BRITTEN. I am not complaining about the Navy Department. But here is the amazing situation, that they take this service away from the newspapers without giving them notice; and then that

they can reinstate the service without telling them; and that they can go on for a month and the newspapers not know anything about it until they come down here and protest. You say they have not taken advantage of it?

Admiral BULLARD. Well, that is regrettable.

Mr. BRITTEN. Yes, it is regrettable.

Admiral BULLARD. May I say that the commercial service has been open all of this time, and yet they have not sent a dozen messages a day? We can not go out and advertise it.

Mr. PEW. May I ask if it is true that when Mr. Pearson sent his message of 500 words by the Navy radio the other night the Navy radio was under a new instruction from the Department of Commerce to resume its operation?

Admiral BULLARD. Yes, sir; that was after all of this time.

Mr. PEW. Yes.

Admiral BULLARD. You say there was a holiday that you have in mind. But we never stopped with France; in fact, we did not open with France until September.

Mr. PEW. Whose stuff have you been handling in that time—the Associated Press?

Admiral BULLARD. No.

Mr. PEW. The United Press?

Admiral BULLARD. We have not handled for anybody; there has been none going.

Mr. PEW. You were not authorized to handle it, were you?

Admiral BULLARD. Yes, indeed; we were.

Mr. PEW. Had not the Department of Commerce in August ruled that you could not?

Admiral BULLARD. Let me set you straight.

Mr. PEW. Yes; I wish you would.

Admiral BULLARD. The interpretation of this act was that "normal communication" with a country meant that there had been normal communication with that country. Do you understand?

Mr. PEW. Yes.

Admiral BULLARD. And up to that time France had no station that would communicate with us. Now, then, we were operating a station with Germany; we operated a circuit with Germany and we operated one with Norway and with other countries in Europe.

Now, when the Radio Corporation of America said, "We are ready to take over the circuit to Norway," we said, "All right"; when they said they were ready to take over the circuit with Germany, we said, "All right." We stepped out.

But there had been no circuit to France. France then inaugurated this thing and asked if we would establish a circuit with them, and there were no people that we could communicate normally with in France, because it was interpreted that normal communication with Germany did not affect the communication with France. And the Radio Corporation was not in a position, and is not now able, to communicate efficiently with France.

As soon as the French Government asked us to do that we said, certainly, we would do it, because we were authorized to do it under that resolution. That was some time, I suppose, in September or October. Since that time that circuit has been more continuously open for the transmission of commercial business than any other

circuit, except for that little period of 24 hours, when we got into this mix-up, when the Radio Corporation thought they were dealing right when they were dealing with a private corporation, when, as a matter of fact, they should have dealt with the French Government.

But you understand that this circuit is open now.

You were speaking, however, of last August. You will understand that this circuit did not open until August or September, and we first did it more or less as a test circuit when the new Bordeaux circuit came along. When that Bordeaux circuit came along the French Government said, "We want to use that station for communication to America and we want to get ready for that, and in the meantime we will pass some commercial messages over it, if you will give us some back." And we did that. And there has been that business open ever since.

Now, there have been two lines over to Bordeaux, simply to get the Bordeaux station tuned up to the minute. And on the 1st of January they will be able to take over the radio with the new corporation, and then we are ready to quietly step aside.

But the French Government said, "You must not step aside so far as press or Government messages are concerned, because we make a distinction between press messages and commercial messages."

It comes down to a question of what is "normal communication." When the law says that when a private company can carry on normal communication, you must stop; then somebody must determine what the term "normal communication" means. It may mean 24-hours full-up commercial communication. But if it does not take in Government, or if it does not take in commercial private, or does not take in press, then you might interpret it that it is not meeting the normal communication requirements.

There are several ways of looking at that; and I think the Department of Commerce is perfectly correct in interpreting that law; because we did not have to give up transmitting to Germany, because we were transmitting to Norway and could reach Germany through Norway. So we concluded that the best way under those circumstances was to interpret it as meaning a station in a given country.

Now, as a matter of history, we were carrying on a reliable communication with Germany. We turned it over to the American Radio Corporation when the time came; but we could at that very time have carried on a cheaper communication with Germany through the Belgian station, because the rate from the Belgian station into Germany, combined with the wireless rate to Belgium, was less than the direct wireless rate to Germany.

So if we had wanted to be a little nasty about this thing, we could have put the American Radio Corporation out of business by taking all of the business into Germany, sending it through Belgium and Czechoslovakia, because all of the land lines over there have very low rates.

So there is this question of normal communication, and it requires a judicial mind to say when a company is ready to meet the normal communication requirement.

I do not regard this normal-communication requirement as any emergency that may take place or the congestion of the wireless, but whether the facilities are there to normally carry on the business that

the wireless ought to carry. You will never get this corporation or any cable company to take messages at 7 cents a word when they can get 25 cents. It is not human nature.

And that explains why the newspapers want the Government service to carry this business, and, as I said before, we will be very glad to do it.

Mr. PEW. Well, finally, Mr. Chairman, I want to say that I am not interested in this as a profit-making enterprise. We are all editors; we are not interested in the business side of this at all. We did not come here to get a rate; we simply came here to get a service.

And I think that it is the sense of our committee that our public interest is more important than our private interest, and I think that we all hold that popular government can not succeed unless on the basis of a well-informed electorate, and that we want to have good newspapers as a means to that end.

And particularly on foreign relations, now, we want our newspapers to be good. And we want this committee to support this amendment and to give us another line on which to carry news.

Mr. BRITTEN. Mr. Chairman, I will ask you to hear now Mr. Snyder, of the New York Herald.

STATEMENT OF MR. MILTON SNYDER, FOREIGN EDITOR OF THE NEW YORK HERALD.

Mr. SNYDER. Mr. Chairman and gentlemen: I will only take a few moments. I think pretty much all the points have been covered; and the only thing of value that I may put before you is a very brief comparison of the changes in the service which would explain why we ask for a better service.

When I was with Mr. Bennett in both London and Paris a number of years ago, we could file cable dispatches from London up until 3 o'clock in the morning, at press rates, with the assurance that they would reach New York by midnight and get in the first edition. That was, allowing for the difference in time, a transmission of about two hours. In Paris you could file until 2 o'clock in the morning, and reach New York in time for the first edition.

During the war, of course, things were very much upset; and the delay was anywhere from 18 up to 36 or 48 hours, when filed from 6 o'clock in the evening until midnight. But now that the war is over and conditions are returning more or less to normal, we find that the cable transmission has not returned to normal.

The transmission that only occupied about two hours from London and three hours from Paris, is now, on an average, from five to six hours from London and anywhere from six to eight hours from Paris.

This, of course, results in the condition that our news must be filed hours earlier than it should be, because we miss the late developments abroad. If we can not get our dispatches on the cables or the radio by 10 o'clock in London, or 9 o'clock in Paris, we do not get them in the following morning's paper.

Now, there is nothing that gets staler or more tastless than news when you hold it over; it will not warm up. And the result is that there is a great deal of important information, a great many events that happen late in the evening or the development of news that does not come out until late in the evening, that do not reach New

York in time to be published until the afternoon papers; and that information is lost to say nothing of the tolls which the newspapers pay; that also is lost.

And anything that can be done in the way of broadening the service, or allowing a greater amount of information to come over, is a benefit to the people at large.

You will only have to look at the newspapers of the United States to-day to see that, owing to the increased cost of white paper, the cutting down of the size of the paper, and other causes, the papers of the United States are very largely filled with agency news. It is all one caste of news. It is not opinionated; but it reflects only one point of view.

Now, the more diverse points of view that the press of the country can set before their readers, the greater will be the outlook and the intelligence of the public at large. And therefore, I submit to you that any facility that this committee can afford the newspapers of the United States, to get a greater quantity of news from Europe, from Asia, and from the world into the United States, and also to get the news of America, what is going on in Congress, the points brought up for discussion and the policies laid down, into England, into France, and into all the countries of Europe, the greater will be the benefit to mankind, quite apart from the individual interests of the newspapers.

Mr. BRITTEN. Mr. Chairman, I would like to submit for insertion in the record a memorandum submitted by Mr. Field, of the New York Tribune, concerning this resolution; and also one submitted by Mr. John E. Watkins, of the Philadelphia Public Ledger.

The CHAIRMAN. They may be inserted in the record at this point.

(The memorandums referred to are as follows:)

MEMORANDUM TO MR. FIELD IN RE CABLE COMMUNICATIONS.

The situation with American newspapers in regard to communications with Europe is obvious from these two facts:

1. Before the war transmission from London took at most one hour and in a great number of cases the period of time was less.

2. At present transmission from London at press rates takes from seven to nine hours. In view of the greater demand for news from Europe, and the increased necessity of keeping in closer touch with foreign affairs, this delay in communication has become extremely important.

Before the war urgent period of transmission was one-half hour from the Tribune's London office to the New York office. It was possible to ask the London office for a story late in the afternoon and receive it in plenty of time for the first edition at 11 o'clock. Under present conditions there is no possibility of any such procedure.

The Tribune has kept a close tally of all cables from London and Paris for the last month. Press messages from London have taken from seven to nine hours in transmission. Occassionally a dispatch has come through on Saturday afternoon or Sunday or at other dull times, in four hours.

Occassionally the Tribune has paid the full commercial rate. In such instances dispatches from London have come through in three hours and from Paris in four. But obviously such a rate is prohibitive for the great run of news dispatches. At the present time the Tribune uses mainly the Commercial for cables from London and Paris, and only occassionally the Western Union. It has tried the radio service but has found it very slow and hardly dependable.

The Berlin correspondent has been sending most of his copy by radio and it has taken 18 to 24 hours to come through.

At the opening of the League of Nations meeting at Geneva, the Tribune correspondents tried a wireless service. The first effort was made on November 21, when four dispatches routed by way of Lyons were filed. These four messages were 88, 80,

56½, and 56 hours in transit. Another attempt was made to file by radio on December 2, when three dispatches were sent. These were over six and a half to seven hours in transit.

The slowness of the cable service from London is emphasized by the fact that despite the difference in the time the greater number of cables do not reach us in time for our first edition at 11 o'clock. Not infrequently between 2,000 and 3,000 words of cable stuff is poured into the Tribune office between 11 and 12.30, when it is extremely difficult to handle fresh matter.

The record of December 7 is typical of the way the cable service has been working:

1. Four hundred and eighty-three words from London, Western Union, press rate, 12 hours in transit.

2. Four hundred and six words from London, press rate by Commercial, six hours in transit.

3. One hundred and forty-six words from Lucerne, press rate by Commercial, nine hours in transit.

4. Two hundred and thirty-six words from Berlin, press rate by Marconi, 36 hours in transit.

To overcome this delay the Tribune has endeavored at times to file extremely important stuff at the urgent rate but even this in some instances has failed to help. Sometimes urgent messages would come through no more than an hour before press messages filed at the same time arrives.

OGDEN REID,
Editor New York Tribune.

MEMORANDUM BY JOHN ELFRETH WATKINS, PUBLIC LEDGER CO., PHILADELPHIA, PA.

PUBLIC LEDGER CO.,
Philadelphia, November 17, 1920.

DEAR MR. WATKINS: Here is some data on delayed cables, taken at random through a period of several months.

A conspicuous case was that of a dispatch received in this office on August 30, 1920, Western Union, cable mark Cn. 4828, 42 words H. P., which was 52½ hours in transmission.

No.	Words sent.	From—	Elapsed time of transmission.
WESTERN UNION.			
May 3, 1920:			*Hours.*
Cn. 2873	375 H. P.	London	10
Cn. 2814	438 H. P.	Paris	11¼
May 17, 1920:			
Cn. 5185	117 H. P.	do	12½
May 18, 1920:			
Cn. 5357	348 H. P.	do	14½
Cn. 5412	83 H. P.	do	9
Cn. 5404	233 H. P.	do	8¼
Cn. 5405	1,005 H. P.	London	10
May 19, 1920:			
Cn. 5570	431 H. P.	Paris	10¾
Cn. 5582	198 H. P.	do	14½
Cn. 5579	979 H. P.	London	7½
May 20, 1920:			
Cn. 5695	827 H. P.	do	10½
Cn. 5785	282 H. P.	Paris	8
Cn. 5766	515 H. P.	London	6¾
May 21, 1920:			
Cn. 5357	705 H. P.	do	8¾
May 22, 1920:			
Cn. 6110	623 H. P.	do	5
Cn. 6085	285 H. P.	Paris	11½
Cn. 6089	160 H. P.	London	5¾
Cn. 6090	436 H. P.	do	7
May 23, 1920:			
Cn.	443 H. P.	Paris	11½
June 19, 1920:			
675K	308 (?)	Copenhagen	30½
Cn. 378	180 H. P.	Paris	9
June 20, 1920:			
Cn. 485	75 H. P.	do	4½
Cn. 495	495 H. P.	do	7½
Cn. 521	485 F. R.	Copenhagen	14¾

No.	Words sent.	From—	Elapsed time of transmission.
WESTERN UNION—Continued.			
June 21, 1920:			*Hours.*
Cn. 682	283 F. R.	Copenhagen	12½
June 22, 1920:			
Cn. 900	202 H. P.	London	9
Cn. 950	687 F. R.	Copenhagen	16½
June 23, 1920:			
Cn. 1092	259 H. P.	London	10¾
June 25, 1920:			
Cn. 1494	626 H. P.	do	14½
Cn. 1530	945 H. P.	do	12½
Cn. 1615	293 H. P.	Paris	8¼
June 26, 1920:			
Cn. 1743	79 H. P.	do	14
20F	18 F. R.	Copenhagen	15
June 27, 1920:			
Cn. 1851	323 H. P.	Paris	5½
June 28, 1920:			
Cn. 1994	215 H. P.	London	6
June 30, 1920:			
Cn. 2396	78 H. P.	Paris	5½
July 1, 1920:			
Cn. 2516	327 H. P.	do	15¾
Cn. 2605	277 H. P.	do	10½
July 2, 1920:			
Cn. 2719	610 H. P.	London	9½
Cn. 2765	711 H. P.	Brussels	7½
Cn. 2772	910 H. P.	London	10
Cn. 2733	415 H. P.	Paris	9¾
Cn. 2720	238 H. P.	London	9¾
Cn. 2778	271 H. P.	Paris	10
July 4, 1920:			
Cn. 2990	226 H. P.	London	10¾
Cn. 3015	149 H. P.	do	2½
July 5, 1920:			
Cn. 3111	252 H. P.	do	6¼
July 6, 1920:			
Cn. 3314	465 F. R.	do	2¼
Cn. 3271	213 H. P.	do	9
Cn. 3280	206 H. P.	Paris	8½
July 7, 1920:			
Cn. 3462	563 H. P.	London	9¾
Cn. 3482	192 H. P.	Paris	11¾
Cn. 3461	253 H. P.	London	10¼
July 8, 1920:			
Cn. 3720	52 H. P.	do	8
Cn. 3745	144 H. P.	do	8
Cn. 3709	205 H. P.	do	10
Cn. 3741	520 H. P.	do	8¾
July 9, 1920:			
Cn. 3898	185 H. P.	do	8½
Cn. 3949	448 F. R.	Copenhagen	13¾
Cn. 3989	151 H. P.	London	6¾
Cn. 3936	211 H. P.	do	10
July 10, 1920:			
Cn. 4116	138 H. P.	do	12½
Cn. 4128	655 H. P.	do	15½
Cn. 4268	41 H. P.	Paris	10¾
Cn. 4239	72 H. P.	do	10¾
Cn. 4276	318 H. P.	London	8¾
Cn. 4273	403 H. P.	Paris	12
July 12, 1920:			
Cn. 4617	207 H. P.	London	12
July 13, 1920:			
Cn. 4876	233 H. P.	do	9½
July, 14, 1920:			
Cn. 5057	160 H. P.	do	9½
Cn. 5126	267 H. P.	do	8¾
Cn. 5152	789 H. P.	do	8
Cn. 5214	129 F. R.	Copenhagen	10
Cn. 5212	267 F. R.	do	14¾
Cn. 5207	133 F. R.	do	15½
July 15, 1920:			
Cn. 5282	132 H. P.	London	7¼
Cn. 5345	296 H. P.	Paris	7
Cn. 5346	223 H. P.	London	8¼
Cn. 5365	216 H. P.	do	6¾
Cn. 5372	267 H. P.	do	5¾
Cn. 5369	576 H P.	do	9½

No.	Words sent.	From—	Elapsed time of transmission.
WESTERN UNION—Continued.			
July 31, 1920:			*Hours.*
Cn. 8553	165 H. P	London	7¼
Cn. 8521	534 H. P	....do	9½
Aug. 21, 1920:			
Cn. 3187	826 H. P	Paris	7¼
Cn. 3188	271 H. P	....do	8¾
Aug. 23, 1920:			
Cn. 3448	394 H. P	....do	5¾
Cn. 3471	311 F. R	Copenhagen	38
Cn. 3431	224 H. P	London	7½
Aug. 24, 1920:			
Cn. 3584	266 H. P	Paris	12¾
Cn. 3666	267 H. P	London	8¾
Cn. 3709	56 H. P	Paris	7½
Aug. 25, 1920:			
Cn. 3814	232 H. P	....do	12
Cn. 3885	156 H. P	London	9¼
Cn. 3883	216 H. P	....do	15½
Cn. 3959	588 H. P	Copenhagen	20¼
Aug. 26, 1920:			
Cn. 4044	105 H. P	Paris	12¾
Cn. 4071	245 H. P	London	6¾
Cn. 4073	427 H. P	....do	7¼
Cn. 4094	277 H. P	Paris	6¾
Aug. 27, 1920:			
Cn. 4274	592 H. P	....do	14½
Cn. 4285	54 H. P	London	8¾
Cn. 4279	236 H. P	....do	9¾
Cn. 4286	367 H. P	....do	8½
Aug. 28, 1920.			
Cn. 4450	521 H. P	....do	9¾
Cn. 4461	725 H. P	Paris	10¼
Aug. 29, 1920.			
Cn. 4622	78 F. R	Copenhagen	27½
Cn. 4605	49 H. P	....do	28½
Aug. 30, 1920.			
Cn. 4755	425 H. P	London	6½
Cn. 4746	230 H. P	....do	7¾
Cn. 4747	221 H. P	....do	7¾
Cn. 4776	138 H. P	Paris	10
Cn. 4771	60 H. P	....do	8
Cn. 4763	187 H. P	London	9¼
Cn. 4828	42 H. P	Copenhagen	52¼
Aug. 31, 1920.			
Cn. 4900	83 F. R	....do	77
Cn. 4918	245 F. R	....do	25½
Cn. 5026	265 F. R	....do	82½
Cn. 4957	241 H. P	London	9¾
Cn. 4968	73 H. P	Paris	9
Cn. 4973	768 H. P	London	9½
Cn. 4972	808 H. P	....do	10¼
Sept. 16, 1920:			
Cn. 7961	239 H. P	....do	9¼
Cn. 8008	416 H. P	Paris	8¾
XI P	327 F. R	Berlin	12¾
Sept. 17, 1920:			
Cn. 8108	234 H. P	London	8¼
Sept. 18, 1920:			
Cn. 8207	430 F. R	Copenhagen	21½
Cn. 8259	460 H. P	London	7¼
Sept. 23, 1920:			
Cn. 9014 A	364 H. P	....do	7¼
Cn. 9013	270 H. P	....do	7¼
Cn. 9078	71 F. R	Copenhagen	5
Cn. 9076	790 F. R	....do	10
Sept. 24, 1920:			
Cn. 9208	189 H. P	London	7¾
Sept. 25, 1920:			
Cn. 9396	274 F. R	Copenhagen	29¾
Cn. 9417	304 F. R	....do	9½
Cn. 9416	564 H. P	Riga	10¼
Sept. 28, 1920:			
Cn. 9877	157 H. P	London	13
Sept. 29, 1920:			
Cn. 18	226 H. P	....do	10½
Oct. 24, 1920:			
Cn. 4232	351 F. R	Copenhagen	10¾
Cn. 4221	360 H. P	Paris	8¾
Cn. 4273	468 H. P	....do	10

No.	Words sent.	From—	Elapsed time of transmission.
WESTERN UNION—Continued.			
Oct. 25, 1920:			*Hours.*
1 Co. Marconi	225	Berlin	5
Cn. 4406	242 H. P	London	8¾
Cn. 4462	222 F. R	Copenhagen	8
Cn. 4419	425 H. P	Paris	16¼
Cn. 4434	93 H. P	....do	8
Oct. 26, 1920:			
Cn. 4517	626 F. R	Copenhagen	14½
Cn. 4563	228 H. P	Paris	12¾
Cn. 4640	590 F. R	Copenhagen	9¾
Cn. 4595	212 H. P	London	9
Oct. 27, 1920:			
Cn. 4738	642 H. P	....do	7¾
Cn. 4782	209 H. P	....do	9
Cn. 4838	468 H. P	Paris	6¾
Cn. 4862	282 F. R	Copenhagen	9¾
Oct. 28, 1920:			
Cn. 5005	367 F. R	Paris	5¼
Cn. 4936	315 H. P	London	14
Cn. 4940	761 H. P	Paris	16¾
Cn. 4974	197 H. P	London	10½
Cn. 5038	266 H. P	Copenhagen	12½
Cn. 5040	202 H. P	....do	13½
Oct. 29, 1920:			
Cn. 5151	160 F. R	....do	12¾
Cn. 5121	263 H. P	Paris	14¾
Cn. 5129	189 H. P	London	9¼
Cn. 5153	43 H. P	Paris	8¾
Cn. 5192	207 F. R	Copenhagen	9¼
Oct. 30, 1920:			
Cn. 5257	322 H. P	Paris	11¾
17 P	41 F. R	....do	9
Cn. 5255	667 H. P	....do	12¼
Cn. 5281	156 F. R	Copenhagen	10½
XIP. Marconi	81 Press	Berlin	17¾
Oct. 31, 1920:			
Cn. 5325	136 H. P	Paris	8
Nov. 1, 1920:			
Cn. 5465	155 H. P	London	7¾
Cn. 5468	148 H. P	....do	8¾
Nov. 2, 1920:			
Cn. 5558	196 H. P	....do	7
Nov. 3, 1920:			
Cn. 5695	99 F. R	Copenhagen	13¾
Cn. 5671	227 H. P	London	8
Cn. 5743	100 F. R	Copenhagen	18¾
Nov. 4, 1920:			
Cn 5844	164 H. P	London	7
Nov. 5, 1920:			
Cn. 5928	710 F. R	Copenhagen	10½
Cn. 5978	180 H. P	London	7
1 Co. Marconi	156 Press	Berlin	11 ½
Nov. 6, 1920:			
Cn. 6057	141 F. R	Copenhagen	18¾
Nov. 7, 1920:			
1 Co. Marconi	260 Press	Berlin	13¼
Nov. 9, 1920:			
52 P. Marconi	157 Press	....do	15¼
Cn. 6527	187 H. P	London	12
Nov. 10, 1920:			
1 Co. Marconi	170 Press	Berlin	9¾
Cn. 6701	204 H. P	London	15
Nov. 11, 1920:			
5 P. Marconi	369 Press	Berlin	23¼
Nov. 12, 1920:			
2 Co. Marconi	378 Press	....do	20¾
Cn. 7043	194 H. P	London	9¼
X1 P. Marconi	364 Press	Berlin	18
X2 P. Marconi	180 Press	....do	18
Nov. 16, 1920:			
Cn. 7673	500 F. R	Copenhagen	24¼
3 Co. Marconi	100 Press	Berlin	26¾
4 Co. Marconi	269 Press	....do	26¼
1 Z. Marconi	265 F. R	Geneva	7¼
3 Z. Cn. 7633	1,385 H. P	London	16¾
Z. Cn. 7711	182 H. P	....do	9¾
Z. Cn. 7715	429 H. P	....do	9¾
Z. Cn. 7728	172 H. P	....do	9¾
Z. Cn. 7812	444 H. P	Paris	11

No.	Words sent.	From—	Elapsed time of transmission.
Western Union—Continued.			
			Hours.
Nov. 16, 1920—Continued.			
Co. Cn. 7838	840 F. R.	Paris	12½
Co. Cn. 7839	565 H. P.	do	14½
Nov. 17, 1920.			
1 Co. Marconi	340 Press	Berlin	21
2 Co. Marconi	345 Press	do	22½
4 Co. Marconi	194 Press	do	34½
Cn. 8034	239 H. P.	London	8¾
Cn. 8018	667 H. P.	do	9½
Cn. 8118	135 H. P.	Paris	12
Nov. 19, 1920:			
Cn. 8454	210 H. P.	London	8¼
Cn P. Marconi	108 Press	Berlin	15
Cn. 8489	259 H. P.	Paris	10¼
Cn. 8493	191 H. P.	do	10¾
1 Co. Marconi	75 Press	Berlin	15½
2 Co. Marconi	160 Press	do	15¾
1 Ns. Marconi	400 Press	do	20
Nov. 20, 1920:			
Cn. 8630	531 H. P.	do	26½
Nov. 21, 1920:			
39 P. Marconi	109 Press	do	37¾
X1 P. Marconi	96 F. R.	do	38½
Nov. 22, 1920:			
1 Co. Marconi	138 Press	do	19¾
Cn. 9042	1220 H. P.	Paris	12¾
Cn. 9072	165 H. P.	London	10
Cn. 9071	196 H. P.	do	14½
Nov. 23, 1920:			
1 Co. Marconi	304 Press	Berlin	21
B1 Co. Marconi	267 Press	do	25¼
Cn. 9294	186 H. P.	London	11¾
Cn. 9338	605 H. P.	Paris	12½
Cn. 9339	81 H. P	do	12½
Nov. 24, 1920:			
Cn. 9442	155 H. P.	Paris	15
1 Ns. Marconi	650 Press	Berlin	35¼
Cn. 9517	49 H. P.	Paris	10¾
Cn. 9519	309 H. P.	do	10¾
Cn. 9562	773 H. P.	do	11¼
Cn. 9568	79 F. R.	Copenhagen	13
Nov. 25, 1920:			
Cn. 9723	210 H. P.	London	9
Cn. 9760	569 H. P.	Paris	10¼
1 Ns. Marconi	524 Press	Berlin	35
Do	239 Press	do	39½
Nov. 26, 1920:			
Cn. 9947	196 H. P.	London	9½
Cn. 9991	94 H. P	Paris	10
Cn. 36	266 F. R.	Copenhagen	10¾
Nov. 27, 1920:			
1 Co. Marconi	184 Press	Berlin	60
Cn. 224	49 H. P	Paris	10¾
Cn. 223	20 H. P	do	10¾
Cn. 222	24 H. P	do	10¾
Cn. 218	366 H. P	do	11½
Nov. 28, 1920:			
1 Ns. Marconi	182 Press	Berlin	34½
Nov. 29, 1920:			
1 Co. Marconi	708 Press	Berlin	45¾
2 Co. Marconi	547 Press	do	43
3 Co. Marconi	234 Press	do	28½
Cn. 474	403 H. P	London	5¼
Cn. 458	192 H. P	do	8
1 Co. Marconi	193 Press	Berlin	10¾
2 Co. Marconi	328 F. R.	do	12
Nov. 30, 1920:			
Cn. 726	455 F. R.	Paris	9½
Cn. 694	239 H. P	London	7¾
Cn. 733	44 H. P	Paris	10¾
Cn. 742	144 H. P	do	12¾
Cn. 676	212 H. P	London	12¼
Cn. 744	173 H. P	Paris	12½
Cn. 746	267 H. P	do	12¾
Dec. 1, 1920:			
1 Co. Marconi	314 Press	Berlin	22
Cn. 917	231 H. P	London	11
Cn. 925	614 H. P	do	9½

No.	Words sent.	From—	Elapsed time of transmission.
Western Union—Continued.			
			Hours.
Dec. 2, 1920:			
1 Co. Marconi	271 Press	Berlin	27
2 Co. Marconi	131 Press	do	27
Cn. 1131	112 H. P.	London	7
Cn. 1144	206 H. P.	do	7
Dec. 3, 1920:			
Cn. 1370	255 H. P.	London	7¼
Cn. 1402	556 H. P.	Paris	9
1 NS	310 Press	Berlin	13¼
Dec. 4, 1920:			
1 Co. Marconi	180 Press	do	23½
Cn. 1636	270 F. R.	Copenhagen	13½
Dec. 6, 1920:			
Cn. 1872	235 H. P.	London	7
Cn. 1864	180 H. P.	do	10½
Dec. 7, 1920:			
1 Co. Marconi	305 Press	Berlin	5
2 Co. Marconi	414 Press	do	28½
Cn. 2109	408 H. P.	London	9½
Cn. 2079	180 H. P.	do	10¾
Dec. 8, 1920:			
Cn. 2319	27 H. P	Dublin	5
36 P. Marconi	99 Press	Berlin	32½
Cn. 2296	180 H. P.	London	8½
Dec. 9, 1920:			
B1P. Marconi	304 F. R.	Berlin	7¾
Cn. 2470	264 H. P.	London	7½
X4 P. Marconi	144 Press	Berlin	17½
Dec. 10, 1920:			
1 Co. Marconi	205 Press	do	4
Cn. 2711	238 H. P.	London	8½
Cn. 2703	30 H. P.	Dublin	10½
Cn. 2731	294 H. P.	London	8
Dec. 11, 1920:			
2 Co. P. R. 2909	470 Press	Berlin	6¼
41 P. Marconi	94 Press	do	33
3 Co. P. R. 3221	388 Press	do	34½
Cn. 2890	140 H. P.	Dublin	13½
Dec. 12, 1920:			
Cn. 2967	148 H. P.	Cork	9½
1 P. Marconi	212 Press	Berlin	30¾
Cn. 3014	179 H. P.	Dublin	9½
27 P. Marconi	194 F. R.	Berlin	113¾
Dec. 13, 1920:			
1 Co. Marconi	363 Press	do	9½
Cn. 3209	246 F. R.	Copenhagen	9
Cn. 3175	210 H. P	London	7½
Cn. 3190	201 H. P.	Dublin	9½
Dec. 14, 1920:			
Cn. 3352	146 H. P	Paris	13½
Cn. 3401	394 H. P	London	10½
Cn. 3425	208 H. P	Dublin	9¾
Cn. 3400	167 H. P.	London	9¾
Cn. 3451	334 H. P.	Paris	10½
Cn. 3482	221 H. P.	Copenhagen	11¾
Dec. 15, 1920:			
Cn. 3612	275 F. R.	do	12¾
Cn. 3613	180 F. R.	Berlin	13
Cn. 3586	225 H. P.	London	7¾
Cn. 3648	690 H. P.	Dublin	10
Cn. 3692	107 H. P.	Copenhagen	12¾
Cn. 3691	264 H. P.	do	13
Dec. 16, 1920:			
Cn. 3824	250 F. R.	Dublin	6¼
Cn. 3767	261 H. P.	Paris	14
Cn. 3823	349 H. P.	London	9¼
Cn. 3862	100 F. R.	Copenhagen	12¼
2 Co. Marconi	205 Press	Berlin	11
Cn. 3866	393 H. P.	Copenhagen	13¾
Dec. 17, 1920:			
8 P. Marconi	106 Press	Berlin	23¼
9 P. Marconi	143 Press	Coblenz	24½
Cn. 4037	207 F. R	London	7¾
Cn. 4009	209 H. P	do	8¾
Cn. 4088	253 F. R.	Copenhagen	12¾

No.	Words sent.	From—	Elapsed time of transmission.
WESTERN UNION—Continued.			
			Hours.
Dec. 18, 1920:			
26 P. Marconi	200 Press	Berlin	30¼
30 P. Marconi	134 Press	do	38¾
Cn. 4208	160 H. P	Dublin	8¾
Cn. 4227	143 F. R	Copenhagen	8½
Dec. 19, 1920:			
Cn. 4289	271 H. P	Dublin	7
1 Co. Marconi	243 F. R	Berlin	11¾

Yours, very truly,

R. MARSHALL,
Managing Editor Public Ledger.

Mr. HARDY. Mr. Chairman, I would like to have Mr. Rogers, who, I understand was the American delegate to the International Communications Conference recently, and who might have some views of interest in this matter, to make a statement. I do not know what his views are, but he is in a position to have some knowledge of this matter.

The CHAIRMAN. Very well; we will hear Mr. Rogers.

STATEMENT OF MR. WALTER S. ROGERS, AMERICAN DELEGATE TO INTERNATIONAL COMMUNICATIONS CONFERENCE.

Mr. ROGERS. As the committee will probably recall, Congress authorized the President to call an international communications conference, which was one of the things left to him by the "Big Five" at Paris; and I happened to be one of the American delegates. Congress authorized the President to call the conference, and appropriated the money for it.

And five of the great powers have been holding here in Washington for the past 12 weeks a series of conferences relating to communications; and this matter of press communications has been discussed at great length.

There are two or three general observations that the committee might be interested in.

The subject naturally divides itself into two aspects, the problem of getting news into the United States; and these gentlemen, of course, largely representing American newspapers, are, of course, primarily interested in getting news from the outside to the United States.

There is one phase of that that has not an important bearing here, but that this committee is going to be confronted with, and that is, that certain of the European administrations maintain that they have the right, under American laws, to send by Government radio stations abroad, directly to the consumer in the United States, and to build up terminal facilities in the United States, quite in disregard of all the American radio corporations.

And as soon as that develops, the radio corporations are going to howl; because that really will be eating definitely into their business.

But there is no question at all but that the foreign Governments

have two types of stations, just as we have: They either have a Government-owned station doing commercial business, or a privately owned station doing commercial business; and where they have great military or naval radio stations that handle Government traffic, meteorological information, and data of that kind which are available, they handle a certain amount of press in conjunction with their Government business.

Then, looking at it the other way—my own particular field is distributing news around the world, and I do not want to go into that too much in detail. But there is a hopeless dearth of American news around the world. The other countries have systematically gone out distributing their news around the world; and I may say that the American news agencies, so far as I know, are the only agencies in the world that are not subsidized, directly or indirectly, by some Government. And so the American news agencies, in trying to get American news around the world, are confronted with competition on the part of Government-subsidized agencies. So that the question of cost and the mechanics of the thing becomes very, very important.

Now, on the question of time. News is sold like any other commodity; it is sold under contract. And the American news agencies and the individual papers are not going to sell American news around the world until they can go to the possible customer, make a contract with him for a year, or a period of years, and say, "We will deliver you so many thousands of words of news a day, at such a figure." And that gets back to giving the agency such assurance that whatever facilities they have will be of a reasonably permanent character.

Now, as to the communication companies themselves, I happen personally to have been working most intimately with them during the course of this conference. And I think it is fair to say that the cable companies do not want a low-rate press; and I think it is equally fair to say that American news can not be sold abroad, if full rates have to be paid; that is, it can not be sold abroad in competition with agencies that are subsidized. If news was distributed abroad at a nominal charge per word, then there is not any doubt in the world that American news could be sold at every place in the world, and create a demand——

Mr. HARDY (interposing). I understood you to say that if they had to pay higher rates their news volume would be less than if they could get lower rates?

Mr. ROGERS. On outgoing news. For instance, take South America; they have subsidized agencies there, with which the American news agencies would have to compete; the subsidy may take the form of payments to the agencies, or of very low rates.

Mr. SCOTT. The American news agencies can not be expected to sell the news to foreign countries when they are obliged to do so at a loss.

Mr. ROGERS. No; because the American news agencies are commercial undertakings; and they must in the world field compete with agencies which are subsidized in a number of ways, either by direct subsidy or the use of Government facilities for very low prices. There are any number of ways of doing it.

There is another element. So far as the radio companies are concerned, and the cable companies, I think one very definite thing has

been learned during the war that has an important bearing on this: First, it is possible to go in any country and sell American news if it can be delivered cheaply enough; and that the selling of the news and the publication of it results in the development of relations and of trade; and that the development of trade brings full-rate business. At least one great cable company has come to realize that its own business will be enormously enhanced if American news can be handled at a nominal sum. It does not want to handle news business; but it knows that where American news goes there will be a development of American business which will bring a full-rate, profitable traffic.

And I think that the American radio companies, which are, after after all, in an experimental state, are going to find out that they will make the greatest amount of money by letting the cheap press rate be the forerunner of American business and American influence.

Then the newspaper business divides itself up into groups. There are the high-speed rates, which newspapers will pay 25 cents for. Then there is other material which will not move at all unless it can move cheaply, and it is that material, which includes stock quotations, commodity prices, and things of that sort, that goes to build up American influence and build up American trade.

I should say that if the radio corporation were going to establish, say, communication between the United States and Spain, the best thing that they could do would be to get the news associations to send a lot of cheap news to Spain in order to develop intercourse and trade between Spain and the United States and get commerce flowing between the two countries, which would bring them a full-rate business that would be very profitable.

STATEMENT OF MR. WILLIAM BROWN, RADIO CORPORATION OF AMERICA.

The CHAIRMAN. Please tell us who you are.

Mr. BROWN. William Brown; I am connected with the Radio Corporation of America.

Mr. BRITTEN. In what capacity?

Mr. BROWN. I am one of the assistants to the president.

Mr. DAVIS. Where is the situs of your company?

Mr. BROWN. In New York.

Mr. Chairman, I understood at this hearing that the views of the representatives of the press would be given and we would afterwards present our side of this controversy if it should be deemed necessary to do so. I did not come here with a view to presenting any argument against this proposed resolution nor am I as familiar with the facts——

Mr. CHINDBLOM. There was an understanding to the effect mentioned by the gentleman this morning.

Mr. BRITTEN. May I suggest, Mr. Chindblom, with the suggested amendment of the law as it is, it may be there is no objection to its immediate consideration.

Mr. BROWN. I was going to say that my purpose in attending this thing was to get the views of the representatives of the press and to report back to our company so that the needs and wants of the press could be reported to our operating departments, with a view to determining whether or not they can furnish what is required.

For the present there is no question that the Radio Corporation is not prepared to furnish all of the facilities for the press that may be desired. It must be borne in mind, however, that it was only last March that the stations were returned by the Government to the Radio Corporation and, since that time, we have been actively engaged in trying to increase the facilities, not only to take care of the ordinary communication traffic, but press traffic as well. And it has been a physical impossibility to prepare adequately to take care of the volume of business that has developed.

During the past few months the company has purchased over 6,000 acres of land out on Long Island and is at present engaged in erecting there a station that will be the practical equivalent of five ordinary up-to-date high-power stations as they are known to-day. It is going to take some months to complete the erection of such a station. It will be a multiple station that, when completed, will very greatly increase the facilities which the Radio Corporation will offer to the public for the handling of ordinary commercial traffic, including press traffic. Now, we have felt that up to the present time there was no doubt the Navy stations from this end could be used to advantage; but there is the question whether, if the Navy stations are applied from this end there will be other stations in the foreign countries that will be available to work in conjunction with the Navy stations, and, particularly, if they would be in a position to work with the Navy stations without interrupting the other traffic with the private companies here on ordinary business; because they are just as limited, as I understand it, in the foreign countries to-day as they are in this country. So that there is that problem that has to be considered. And I doubt if there is any legislation that could be enacted now that would really remove the troubles that have been testified to here to-day—that is, the volume of traffic which is available and wanting attention. Certainly until there are additional stations, both here and in the foreign countries, so far as I know, it will be a physical impossibility to relieve this situation.

Mr. DAVIS. Was it your company that advised the Secretary of Commerce the company was able to take care of the normal communication requirements?

Mr. BROWN. With respect to certain of the European countries; yes, sir.

Mr. CHINDBLOM. Which countries?

Mr. BROWN. We have regarded the facilities at present as being satisfactory to take care of the ordinary conditions between Great Britain and the United States, between Norway and the United States and, recently, from Germany. And we are preparing, and hope by the 1st of January to be in readiness to operate with France. But it is a question whether there will be ample facilities to take care of the volume of ordinary traffic which develops and the press business too.

Mr. DAVIS. In other words, it developed in actual operation that you would not be able to take care of all the commercial and press business both, did it?

Mr. BROWN. From what has been testified here to-day, it would seem that is the fact; yes, sir.

Mr. CHINDBLOM. Do you object to what is complained about, to the Navy getting the press messages?

Mr. BROWN. That is a question that could be more dependably answered by somebody from our operating department than by myself. But naturally, if the volume of business covering ordinary communication is sufficiently heavy to tax the capacity of the station, not only from a business standpoint would we be expected to prefer the full-rate traffic, but there is also a regulation of the International Telegraphic Convention to which we are absolutely subject that compels the companies to give the preference to first-rate traffic. Now, we can not change that. And the stations with which the naval stations would operate in the foreign countries would likewise be subject to those conditions—they would be required to continue to give a preference to the ordinary traffic.

Mr. CHINDBLOM. Do you believe that a permanent policy on the part of our Government of using its radio service for the transmission of press messages would be essentially detrimental to private enterprise in the radio business?

Mr. BROWN. I can not help but think it would, to a large extent, because naturally, in increasing our facilities we are depending on the investing of private capital. And if the ordinary private investor were to realize that here is one source of traffic that is to be given to Government stations, they would think that would be a detriment, I believe, to the enterprise.

Mr. CHINDBLOM. It being understood there would be no further extension of the Government's facilities and that only the present existing facilities would be employed, would private corporations be seriously injured by an arrangement such as I have suggested?

Mr. BROWN. That is an operating question that would be pretty difficult to answer, I think. I believe that the ordinary private investors would naturally want to see the private companies in a position to cater to all the business that was available.

Mr. CHINDBLOM. It may be a business security, but I take it there would not be any profit in sending messages at 7 cents a word.

Mr. BROWN. Not only that, but my understanding is the press rate by radio between Great Britain and the United States is even less. It is 5 cents, as I understand it.

Mr. BRITTEN. Is it not true, Mr. Brown, that from a purely commercial standpoint you would like to see the Navy do no business at all?

Mr. BROWN. No, sir; that is not true.

Mr. BRITTEN. You would have that much greater security to offer to your prospective stockholders and to offer to your prospective stock buyers. You could say, "The Navy Department has now been ordered by Congress to cease all this news business and commercial business, and we are going to develop, and our stock is immediately going to take a bounce," and, therefore, it would enhance the value of your stock.

Mr. BROWN. We are not interested at all in the stock market.

Mr. DAVIS. Did I understand your reply to Mr. Chindblom to be you could not send messages at 7 cents or 5 cents at the cost of doing that business?

Mr. BROWN. I am not prepared to answer that question positively; but I am quite sure there is no profit at all at the present time in transmitting messages at 5 cents a word.

Mr. DAVIS. That being true, if the Government got entirely out of that business it would be the desire and purpose of the private radio companies to raise that rate, would it not?

Mr. BROWN. Not necessarily. Our desire is to increase our facilities. It is not only a matter of increasing the stations but we are greatly interested in the development of the art itself. There are devices now under development that are calculated in the future to greatly enhance the operation of the stations and the speed with which the stations may be operated. So that in the near future it will doubtless be possible to transact a very greatly increased volume of business.

Mr. DAVIS. But for the time being that is all speculative as to whether future inventions will enable you to handle an increased volume of business?

Mr. BROWN. No; I would not say it is speculative. The fact of the matter is we feel the devices of the Radio Corporation are now greatly superior to those in use in Europe, but we are limited by the apparatus employed by the complementary stations. We can only work so fast as the other stations can work. So that in a measure we are to-day, we feel, retarded in the handling of business from this end because stations in Europe are not adequate to operate as rapidly as we can. We are in hopes that those conditions will be improved and we think they will be. So that all those things will tend very greatly to increase the volume of our business that can be handled.

Mr. HARDY. Are your rates fixed by the Government or fixed by your own authority?

Mr. BROWN. They are fixed by the Radio Corporation with the companies with which they operate abroad. We have to agree on those rates and then they are filed here with the Department of Commerce and our station licenses show the rates at which we are authorized to operate.

Mr. HARDY. There is no governmental authority that can limit your charges?

Mr. BROWN. Oh, yes. Under the existing law to-day——

Mr. HARDY. What authority is that?

Mr. BROWN. There is a provision in resolution 170 for the control, as I understand it, by the Interstate Commerce Commission, eventually, of the rates.

Mr. CHINDBLOM. That is only as to the operations of the Navy; not as to private operations.

Mr. HARDY. That has reference to the Government; I am asking as to rates of private companies.

Mr. BROWN. As to our own rates, at present, I believe, there is no control.

Mr. EDMONDS. Your rates are under the control of the Interstate Commerce Commission, under the railroad bill which we just passed.

Mr. BROWN. That is true; the transportation act does provide for control of the rates of communication.

Mr. CHINDBLOM. The newspapers and the newspaper associations take the view (and I think the public agrees with them generally)

that their messages should have priority. You are interested in accepting the most profitable business and your obligation to the association that you spoke of a moment ago——

Mr. BROWN. The International Telegraphic Convention.

Mr. CHINDBLOM. Your obligation to that convention would require you to accept the higher-priced commercial messages first and to give them priority?

Mr. BROWN. And to give them priority; yes, sir.

Mr. CHINDBLOM. Now, under your present situation, and very likely in the future, for a long time to come, you would not be able to give priority to press messages, would you?

Mr. BROWN. Absolutely not, under existing conditions.

Mr. CHINDBLOM. Those conditions are not likely to change, are they?

Mr. BROWN. Not likely; no, sir.

Mr. DAVIS. In that connection, even taking into consideration the future improvements you have in mind, do you think there is any reasonable probability that present conditions will be materially improved within the next year?

Mr. BROWN. I think they will be very materially improved within the next year, because we hope to have the Long Island station ready for operation some time next spring or in the early summer. With the addition of that station to the American high-power stations, our end of the service will be very greatly increased. Then it depends on the improvements made at the other end.

Mr. DAVIS. Have you reason to anticipate a similar increase in the foreign receiving stations that you mentioned a while ago as not being up to standard?

Mr. BROWN. We hope by that time there will be improvements in existing stations and that there will likely be some additional stations opened within the next year.

Mr. CHINDBLOM. There is no likelihood, Mr. Brown, is there, of your being able to give more expeditious service or priority service to the newspapers within the next year?

Mr. BROWN. I can not see any. But it is possible, from the operating standpoint, that there might be some improvement in that service devised. I know, at all events, it would be the wish of our company to do anything within its power to improve its service and increase its facilities in every way possible.

Mr. CHINDBLOM. No one has any doubt of that.

Mr. BROWN. We are striving to do it in every way we can and hope it is only a question of time when we shall succeed.

Mr. BRITTEN. Mr. Brown, is it correct that the American association told Nauen, within the past week, at Germany, not to send their messages so fast because they could not receive them?

Mr. BROWN. I do not know to whom you refer as the American association, Mr. Britten.

Mr. BRITTEN. The private corporation you represent.

Mr. BROWN. I do not know of any such instruction.

Mr. BRITTEN. That the transmission from Nauen was too fast for you to take. I was just wondering if that is true.

Mr. BROWN. I do not know of it at all; I have not heard of it.

Mr. BRITTEN. I am told that is the fact.

Mr. BROWN. That might have been the fact with some individual operator, but I think our facilities are certainly adequate to take the transmission as fast as Nauen can send it.

Mr. EDMONDS. That might not be occasioned entirely by the operators either; it might be occasioned by static conditions.

Mr. BROWN. Yes; it might be subject to certain conditions; but I have not been advised of it.

Mr. HARDY. It seems to me from the majority of your expressions you rather think you will not be ready to supply this service within the next year. Is not that about correct?

Mr. BROWN. I think perhaps after next June, when we feel the Long Island station will be in readiness, that we can certainly take care of a great deal more traffic than is now being cared for. If the surplus traffic now is so great that our part of the station which will be in readiness in June is not sufficient, why, still the same conditions may exist to a certain extent. But I feel that by the end of the two years, as provided in the resolution 170, conditions will be very greatly improved both here and in the foreign countries. So that on the whole, with my understanding of the powers of the Department of Commerce under resolution 170, there is really no crying need for this proposed legislation. We feel (at least I personally feel) that the Department of Commerce now, under the authority of resolution 170, has the power to control the situation. I do not feel that they are to be guided entirely by what the Radio Corporation of America or any other privately operated company may say concerning its facilities. I think that is a matter for the Department of Commerce to determine upon a thorough investigation. And I think that is a matter which it controls and not the Radio Corporation or any other private company. So my personal feeling is that under the present legislation there is ample opportunity to authorize the Navy to use its stations where the private companies are not furnishing the necessary facilities to take care of the normal traffic, which, so far as I can see, would comprise the press messages just as well as the ordinary communication.

There is also another feature of the International Telegraphic Convention that has not been mentioned, and that is that they describe, with some degree of certainty, what shall comprise press messages. Now, the resolution that is proposed by Mr. Britten goes outside of what is ordinarily regarded as press messages, so as to include any messages of directions which may be given to the papers concerning the distribution or other use of the press dispatches. The International Convention rules describe to a considerable degree of certainty what constitutes press messages. That is another difficulty that may be encountered under this proposed resolution, because the foreign companies operating stations in Europe which will communicate with the naval stations here are all subject to those regulations describing press messages, and the foreign messages will have to treat the messages that are submitted in accordance with those regulations.

Mr. CHINDBLOM. Do you apprehend that foreign stations might refuse to agree with the Navy Department upon this definition?

Mr. BROWN. I think that is quite possible.

Mr. BRITTEN. Is the United States a member of the International Telegraphic Convention?

Mr. BROWN. It is.

Mr. ROGERS. Oh, no. We are not a signatory. You do not have to abide by any of thosr regulations, because the United States is not a party to it. And you are entirely wrong on the press definition.

Mr. BROWN. That is just the difficulty in my trying to handle a number of those questions which I said could be so much more satisfactorily handled by the representatives of the operating departments.

Mr. ROGERS. We are not a signatory to the International Telegraphic Convention. The United States is a signatory to the International Radio Convention, which has different provisions. And the press definition in both, by recent international agreement, is being radically changed.

Mr. BROWN. That, of course, may be true after the present deliberations are concluded.

Mr. ROGERS. They have agreed on an entirely different definition.

Mr. BRITTEN. As a business proposition, as a matter of abstract fairness, do you not think the press companies of the country ought to know they would have a certain line of communication open for three months, or six months, or a year, in order that they might make arrangements accordingly rather than to have this legislation staring them in the face? As it is, your company might go before the Department of Commerce and, without their even getting a hearing, have that service taken away from them and they know nothing about it until after it is done, and then to have it reinstated in a given field, and they know nothing about it for months? Do you not think there ought to be some reasonable arrangement by which they could go ahead and, just like every other business, make some definite arrangements?

Mr. BROWN. If that is the case, yes.

Mr. BRITTEN. That is the case and was the case.

Mr. BROWN. It really takes months to prepare a circuit, and six months to a year or more to provide for traffic.

Mr. BRITTEN. It is just a rank outright business proposition.

Mr. BROWN. It is with reference to our stock.

Mr. BRITTEN. I can see, as a business man, where you would be benefited; so can you.

Mr. BROWN. That may be true, but we are not here in the interest of the stock of the radio corporation.

Mr. BRITTEN. You are here very largely for a selfish purpose. Most of these gentlemen are, and you are, too.

Mr. BROWN. No, sir; I am here for the purpose of finding out what the needs of the press association are with a view to reporting back to my company after finding out, so that we can make a reply here from our standpoint, and I have been asked to make a statement here, when I came without intending to make any statement, and I frankly tell you I am not prepared to make a statement and do not pretend to be. We want to find out first what is required, and it may be that upon reporting back to the company and talking it over with the executives and operating department they may be able to cooperate with you, because I do know they want to do all they reasonably can to cooperate with the press associations and also with the Navy.

Mr. BRITTEN. You do not think there would be any reason for them to block any desirable legislation here?

Mr. BROWN. Not unless it would be a distinct disadvantage to our present enterprise.

Mr. BRITTEN. What do you mean by disadvantage; do you mean the rise or fall of the value of your stock or your business?

Mr. BROWN. We have been so successful in the operation of our present plant that in the plant we have now under way, naturally, we have undertaken to build a station with a view to increasing our facilities for the purpose of furnishing increased facilities to the public and to the press, and we do not care to see that stripped out from under us if it is possible for us to supply the traffic that is available. We have gone into the business for that purpose, and we wish to accomplish it.

Mr. BRITTEN. I thoroughly agree with you.

Mr. DAVIS. Are you prepared to take issue with the suggestion made by Mr. Rogers that the dissemination and broadening of American news through new channels and into other nations would redound to the interest of private radio companies in that it would produce an increased volume of commercial business.

Mr. BROWN. I am not prepared to answer that point. It involves so many contingencies. In the first place, I do not know that they could arrange to disseminate American news throughout the foreign countries. I think very likely an obstacle may be encountered there, particularly if it is done with a view to increasing the chances of American commerce. I think you are apt to encounter the opposition of the foreign commerce right there. And even if it should be accomplished I am not prepared to say it would increase the ordinary traffic over the radio circuits. That, I think, is entirely problematical.

Mr. ROGERS. Except that we demonstrated it in every country in the world.

Mr. BROWN. That may be.

Mr. ROGERS. For three solid years we did it day after day.

Mr. BROWN. So far as I am prepared to make any statement at the present time, Mr. Chairman, I think that covers our position.

Mr. CHINDBLOM. Mr. Brown, may I ask you this question, and I am not going to expect you to answer it if you say you are not prepared to do so: It seems that the greatest difficulty here lies in the fact that the newspaper publishers and the newspaper associations can not make any permanent arrangement. Would your company be opposed to a general understanding that for a year to come the radio stations shall be free and open for the newspapers and the newspaper associations and that your objections to such an understanding would be either withheld or withdrawn?

Mr. BROWN. You say that the radio stations would be free and open?

Mr. CHINDBLOM. The Navy radio stations.

Mr. BROWN. The Navy radio stations?

Mr. CHINDBLOM. Certainly; the naval radio stations.

Mr. BROWN. As I stated, I am not authorized to commit our company to a reply to that question, but I believe they would not object to that for the coming year, say.

Mr. CHINDBLOM. Everybody here knows some of the difficulty of getting legislation immediately at this session, particularly on a new subject, and on a subject that was before the House at the close of

last session. This resolution, Public, No. 48, was approved June 5, 1920, the day that the last session adjourned.

The CHAIRMAN. You mean resolution 170?

Mr. CHINDBLOM. Resolution 170, which is public resolution 48, of the Sixty-sixth Congress, that was approved on the day Congress adjourned last summer, on June 5, 1920. As I understand it, up to this time there has been sort of a partial finding that the private radio facilities are adequate or nearly adequate—reasonably adequate perhaps—to Norway and Germany, and perhaps to Great Britain. That is as far as you have gone and you are not certain about those facilities being adequate. Would you object to this whole matter now being just left in status quo, as it was at the time of the passage of this resolution, without anybody insisting that something must be done to deprive the Navy radio stations of the opportunity and the right under the act of June 5, 1920, to supply service to the press?

Mr. BROWN. I personally believe that would be entirely agreeable to the Radio Corporation, sir.

Mr. HARDY. You can not change the law by an understanding, though.

Mr. CHINDBLOM. No, I am not suggesting that; but it seems to me there is sufficient doubt upon which the matter might be left as I suggested—in the condition in which it was last June. Certainly the fact that the users of the service are here complaining would indicate that there is some question about the situation.

Mr. BROWN. So far as the handling of press business is concerned, I believe that would be entirely agreeable to the Radio Corporation, sir.

Mr. CHINDBLOM. And I might add, Mr. Chairman, there is another element entering in here. We have been advised (I think I am stating it correctly, Mr. Chamberlain) that the Department of Commerce has not distinguished very strongly between press messages and other commercial business.

Mr. CHAMBERLAIN. Not very strongly, no, sir; and I notice they always referred to "commercial" business, and, as I explained at the beginning, there is a technical point, and if one cares to raise the point the distinction holds. As provided in your resolution last June, I think it would be perfectly valid.

Mr. DAVIS. Mr. Chindblom, as I recall, there was a discussion in our committee as to whether we should make a specific distinction and put the commercial business in a class by itself and then put the newspaper business in another class; but after a discussion of it the majority of the committee was not in favor of drawing that distinction, so it is not clearly made in the bill.

Mr. CHINDBLOM. We did not want to draw separate conclusions with reference to the two classes; but I think the resolution upon its face (and it must stand upon its reading) shows plainly that the two classes are distinguished.

Mr. CHAMBERLAIN. I was here, as you remember, at the time of that discussion. There was some doubt expressed, and I had a great deal of doubt myself, but it struck me that really press messages, in the last analysis, were commercial, because it is a business. There was some question whether the word "commercial" would bring them both into the same class, and, as I recall, at that meeting you did make that difference here between "other than press messages."

I think that was put in so as to make it clear that messages, other than press messages, did fall under the head of commercial messages. That is my recollection. It has always seemed to me at all events that there was a distinction there. And you notice that has led to all, or has led to a great deal of this discussion. Now, I am going to do something that requires a good deal of temerity. These gentlemen—I presume there are no more competent newspaper men than there are in this country, and that is to say there are no more competent newspaper men in the world—it is their business to know everything that is going on, and I am inclined to think they have, in some phases of this matter, gone ahead without getting that full and adequate information which is often times necessary even for a newspaper system, and always necessary for legislation. I think if they had looked into this matter a little more thoroughly, or had approached it from another angle—I can see their difficulties. We all know it is difficult to communicate any kind of a message anywhere, but whether it can be remedied by legislation is a question.

Mr. HARDY. Do I understand you to say that the order of the Secretary of Commerce simply declared that the privately owned and operated stations were capable of meeting the normal requirements for commercial communication?

Mr. CHAMBERLAIN. I will give it to you in just a minute.

Mr. HARDY. I would like you to put in the hearings what his order was.

DEPARTMENT OF COMMERCE,
BUREAU OF NAVIGATION,
Washington, February 17, 1920.

General Letter No. 214.

To radio inspectors and others concerned:

Your attention is invited to the following Executive order dated February 13, 1920, which is effective at midnight February 29, 1920. Full instructions will be sent to you in due course.

Respectfully,

E. T. CHAMBERLAIN, *Commissioner.*

EXECUTIVE ORDER.

Whereas, pursuant to authority of Executive orders of April 6, 1917, and April 30, 1917, certain radio systems and stations and rights connected therewith were taken over by the Government and certain restrictions were placed on the operation of other radio systems and stations:

I, Woodrow Wilson, President of the United States of America, do hereby authorize, order, and direct as follows:

All radio stations taken over by the Government of the United States and now held by it under the authority of the Executive orders of April 6 and April 30, 1917, respectively, including all systems lines and property taken possession of or received, operated, supervised, or controlled under authority of said Executive orders, shall, at midnight on the 29th day of February instant, be returned and delivered to the respective owners thereof.

All restrictions placed under authority of said Executive orders April 6 and April 30, 1917, on all radio stations not necessary to the Government for naval communications shall be removed to take effect at midnight on the 29th day of February instant, from which time the control and operation of all radio stations not owned, controlled, or operated by the Government independently of action taken by or on behalf of the Government under the aforesaid Executive orders of April 6 and April 30, 1917, shall be subject to the provisions of the act to regulate radio communication approved August 13, 1912.

The enforcement of this order is hereby delegated to the Secretary of the Navy, who is authorized and directed to take appropriate action in the premises.

WOODROW WILSON.

THE WHITE HOUSE,
13 February, 1920.

JULY 26, 1920.

SIR: I have the honor to advise you that the Marion station of the Radio Corporation of America has been licensed to communicate with Germany (Nauen), beginning August 1st, and I have the honor to notify you, pursuant to the joint resolution of June 5, 1920, that the Marion station is capable of meeting the normal communication requirements between this country and Germany. I inclose a message notifying the German postal authorities to that effect, which I shall be pleased to have you transmit to Germany.

Respectfully,

(Signed) E. F. SWEET,
Secretary of Commerce.

The SECRETARY OF THE NAVY,
Washington, D. C.

Inc.
W.

RADIO CORPORATION OF AMERICA,
233 BROADWAY, NEW YORK.
EDWARD J. NALLY, PRESIDENT.

DECEMBER 3, 1920.

Honorable JOSHUA W. ALEXANDER,
Secretary of Commerce, Washington, D. C.

SIR: The Radio Corporation has been preparing for some time to engage in commercial transoceanic radio communication with France, and had intended using the Tuckerton, New Jersey, station equipped with a 200 kilowatt Alexanderson high frequency alternator, which station you recently licensed, but a delay of two or three weeks has been incurred on the construction of the power transmission line.

In the meantime, and at the urgent request of the French Government, we are prepared to meet the requirements of commercial service in the following manner:

A complete receiving station has been installed at Belmar, New Jersey, for the express purpose of handling traffic from France, and this receiving station will be operated continuously. In the reverse direction, and pending the final completion of the Tuckerton station, it is our desire to make use of our New Brunswick transmitting station as much as may be necessary to meet the demands of the new French service.

I might say that these arrangements have been submitted to the representative of the French service and are perfectly satisfactory, and we, therefore, intend to conduct tests for three days commencing December fifth, and on December eighth we shall be ready to continue operations on a full commercial basis.

As you are well aware, this service is now being conducted under the auspices of the United States Naval Communication Service, and I am informed to-day by Rear Admiral W. H. G. Bullard that our arrangements meet with his approval and it will only be necessary for the Department of Commerce to formally notify the Navy Department that the Radio Corporation is now adequately prepared to take over the commercial radio service with France.

I, therefore, respectfully ask your early cooperation in order that this formal notice may be given, to make possible the work we are now ready to undertake.

Yours, very respectfully,

(Signed) E. J. NALLY,
President.

e jn-wmi

70344-N/R.

DECEMBER 6, 1920.

SIR: I am informed by the Radio Corporation of America that arrangements have been made to establish commercial communication between their New Brunswick, N. J., station and France; that tests are to be conducted from December 5 to 8, and on December 8 they will be ready to continue operations on a full commercial basis, taking over the service which is now being handled by one of your stations.

The above information is brought to your attention in accordance with the requirements of S. J. Res. 170, approved June 5, 1920.

Respectfully,

J. W. ALEXANDER,
Secretary of Commerce.

The SECRETARY OF THE NAVY,
Washington, D. C.

T.

DECEMBER 9, 1920.

SIR: On December 6th I advised you in accordance with the requirements of the joint resolution of Congress approved June 5, 1920, that the Radio Corporation of America on December 8th would be ready to conduct operations on a full commercial basis between the United States and France. A copy of my letter of December 6th to that effect and the letter of the Radio Corporation of December 3rd, on which it is based, are inclosed for ready reference.

On December 8th the representative, Mr. Joseph Pierson, chairman of the executive board of the American Publishers' Committee on Cable and Radio Communications, handed me the letter of which a copy is inclosed, asking for a hearing to determine in substance whether the Radio Corporation of America was in fact capable of meeting the normal communication requirements so far as press dispatches are concerned between the United States and Europe. I telegraphed at once to the president of the Radio Corporation of America and to Mr. Owen D. Young, of the General Electric Company, who were referred to in the correspondence. A copy of my telegrams is inclosed.

This morning I received from Mr. Nally a telegram of which a copy is inclosed. You will note Mr. Nally's telegram is in no sense responsive to mine and particularly does not deny the very direct statements of the publishers' committee. Accordingly I beg to withdraw so much of my notifications as relate to the present ability of the Radio Corporation of America to conduct press communications between the United States and Europe. The conditions mentioned in Mr. Nally's telegram for the operation of navy stations for trans-Atlantic messages are a matter, of course, entirely outside my jurisdiction and within yours should you see fit to set in the premises.

Respectfully,

E. F. SWEET,
Assistant Secretary of Commerce.

The honorable the SECRETARY OF THE NAVY,
Washington, D. C.

Incl.

STATEMENT OF MR. S. M. KINTNER, INTERNATIONAL RADIO TELEGRAPH CO.

Mr. KINTNER. I am vice president of the International Radio Telegraph Co., which is affiliated with the Westinghouse Electric & Manufacturing Co. At present we are operating five ship to shore stations on the Atlantic coast from Cape May to Siasconset, Mass., and are now engaged in the construction of our first trans-Atlantic station up in Maine.

Our interest in this bill comes largely from a fear of the tendency toward Government ownership of radio which appears to run through it. I will frankly admit that we are all selfish in our interest in this matter. I fear the effects of this bill, if it should pass, on those who are now willing to invest in the radio business and risk their money on the chance of the present natural obstacles being overcome and the business made profitable, but who will hesitate when legal restrictions and Government competition is threatened.

I do not believe that this bill will accomplish what the people who are proposing it expect; I do not believe it will accomplish it for the reason that this side is not the whole side of the story, and unless facilities on the other side are provided you will be unable to effect a greater exchange of messages than is now being carried on by existing facilities. The stations in England, of which only one, that at Carnarvon, Wales, is capable of working with the United States, and the best German station, the one at Nawn, are busy now working as rapidly as they can for the full time, and an attempt to have them work with two sets of stations in the United States will reduce the total volume of business transmitted instead of increasing it. I know of the above conditions

because we are engaged in monitoring them in tests for our trans-Atlantic station work. Therefore, if the Navy Department starts to operate it can not operate with Great Britain because there is nobody for it to operate with in Great Britain.

The present law is adequate and the Department of Commerce has been very wise in their working under that law. Their decisions have always been fair, both to the public and to the radio interests, and I have all the confidence in the world of its continuing to be fair, and it would be a great mistake to modify the present plan of enforcing the existing legislation.

The question has been asked here several times as to whether it would be profitable to transmit press at 5 or 7 cents a word. That question is a difficult one to answer, excepting generally, for this reason, the low rate is profitable or not dependent largely upon the volume of business you have. The largest charge for operating a radio station is a fixed charge on initial investment, and the labor charge for people standing by ready to render service. That charge goes ahead just the same whether they have nothing to do or whether they are sending messages. Consequently it is more profitable to a concern to have its station operating all the time, the full 24 hours. And if, in order to do that, they have to take business at lower rates, then it is profitable to take those lower-rate messages and to keep working. That is the fair way to look at that question.

We fear competition from the Government service if it is undertaken at rates, as expressed in the measure, at cost, for the reason Admiral Bullard has expressed, that they can not determine their cost. That is a difficult matter for a Government department to determine, with its overhead not considered. I do not see how it could be determined at all.

As a result of my consideration of this matter, I have taken the liberty of drafting an amendment to the proposed bill, which I believe will provide a means for the Secretary of Commerce to give a construction more nearly in line with what it is intended it should be. This is but a rough draft and of course is subject to change. I propose substituting in the existing law, Senate joint resolution 170, at the end of the second paragraph in this printed form that has the interlineations, at the beginning of line 23, following the word "thereof"—the preceding part provides for the termination of the service, etc., with which you are doubtless all familiar—

Mr. CHINDBLOM. You had better read two or three lines ahead, because some of us have the final print of the resolution as it passed.

Mr. KINTNER. I will read beginning with the proviso which starts in line 10:

Provided, That the rates fixed for the reception and transmission of commercial messages, other than press messages, shall not be less than the rates charged by privately-owned and operated stations for like messages and service: *Provided further*, That the right to use such stations for any of the purposes named in this section shall terminate and cease as between any countries or localities or between any locality and privately-operated ships, whenever privately owned and operated stations are capable of meeting the normal communication requirements between such countries or localities or between any locality and privately operated ships, and the Secretary of Commerce shall have notified the Secretary of the Navy thereof.

I would add this:

Provided, however, That should such privately owned and operated stations and other facilities prove inadequate for the service requirement, in the transmission of press messages, as determined by the Secretary of Commerce, the Secretary of the Navy shall employ such of the radio stations under the control of the Navy Department, at such time or times, and at such place or places as the Secretary of Commerce shall direct, to render a supplementary press service to relieve the congested traffic condition: *Provided, however*, That the rates charged for such supplementary service are not less than those of the privately owned and operated stations, or other facilities and provided further that such supplementary service shall not so disarrange the normal operating conditions with the ships and/or foreign communicating stations as to cause a reduction in the total volume of messages transmitted.

I think that amendment will clear up the points that are in doubt with reference to existing legislation, and I submit that as something to be considered in that connection.

Mr. BRITTEN. May I suggest that you do not change existing law at all. You merely repeat what is already in the law.

Mr. KITTNER. No; I think not.

Mr. BRITTEN. I am quite certain about it. I followed you quite closely and you merely repeat what is in existing law.

Mr. KITTNER. Well, I beg to differ there. As I read the existing law it provides that when a certain facility exists the Secretary of Commerce notifies the Navy and then the Navy Department ceases its operations. I provide an extension of that, that should it later be determined that that privately operated facility is not adequate, then the Navy can resume at the discretion of the Department of Commerce.

Mr. CHINDBLOM. That is what we are doing now.

Mr. KINTNER. I realize it, but that was a question of doubt, as I understood, whether they had the authority.

Mr. CHINDBLOM. They have construed the word "whenever" to mean not only one single occasion, but from time to time whenever. I do not think they are right, to be frank with you about it; but they have so construed it and I presume once having so construed it, will continue that construction.

Mr. KINTNER. The purpose of my suggested modification was just to overcome that one difficulty. If they are correct in their construction, then there is no point in my amendment.

Reverting again to the question of selfish interest in this bill, it is my understanding that the press representatives are anxious to have better, and incidentally cheaper, means of getting their news delivered to them from their representatives across the sea. It is to have the news, the commodity that they sell, delivered to them before their competitor gets his delivery of the same items.

They are interested in getting the news to their paper so that it has a "scoop" on its competitor. They don't care when the public gets it so long as their paper or press association gets it first.

Our interest is in preserving the business of transporting the news items along with other commercial messages. We desire to protect it from interference by a Government agency, which would establish a ruinous competition, because it would not be run to make money, but would be paid for by the general public instead of the users of the service.

The press associations have a commodity to ship, we are in the business of transporting it, and the public is the customer of both. Your concern, I take it, is for the public. Theirs and ours is so only in so far as any seller is interested in his customer.

The press associations would oppose most bitterly any effort to open the Navy radio stations to a broadcast distribution of news by telephone, as that would enable the customers of the press associations to get their news without paying for it.

I know this to be a fact from a recent experience when a request of our company to secure from the press items of general interest to be broadcasted by radiophone was refused.

Our plan of broadcasting would have made it possible for farmers and others in remote districts to have secured market and weather reports, storm warnings, important political happenings, etc., many hours before they could secure their papers. We proposed to be a sort of town crier with a voice that would extend over hundreds of miles.

I think our scheme in so far as it interfered with the press associations selling their commodity was wrong, just as I think their efforts to have the Government compete with our company in the transportation of the news is wrong.

It is a matter that looks good or bad according to "whose ox is gored."

Mr. BRITTEN. It is not a question of whose ox is gored, it is merely a question of the development of the scheme.

Mr. CHINDBLOM. The development of a scheme the same as the ticker which gives us news in the counting houses and other places where people congregate, just as fast as it comes off the wire.

Mr. KINTNER. I do not think there is any objection to that. That is being sold to those people by the regular dealers in the commodity.

Mr. CHINDBLOM. This might be sold.

Mr. KINTNER. It is simply a matter of what you are selling and what you are paying; but do they want to advocate the Navy's disseminating of this news broadcast in the way I have indicated and thus interfering with their selling of this commodity?

Mr. PEW. Certainly; it is for all commerce, sir.

Mr. KINTNER. I hardly think that is the case, as the experience related by me indicates. The press associations do not want their news handed to people who do not pay them for it, as expressed by the one that objected to our broadcasting the news delivered by them to one of their subscribers.

Mr. BRITTEN. Which press association?

Mr. KINTNER. And I think they should have objected.

Mr. BRITTEN. Which press association?

Mr. KINTNER. I do not care to mention the name for the record. I can show you privately the letter of refusal.

Mr. BRITTEN. Is it one of the associations represented here?

Mr. KINTNER. The gentleman who made the reply for one of the members of one of the associations represented here is a man qualified to speak authoritatively upon it, but its name I do not care to put in the record at this time. I mention the thing incidentally, just as a matter of showing it is a selfish interest all around.

Mr. CHINDBLOM. I think we may assume everybody is looking after his own business.

Mr. KINTNER. Exactly; and they are not to be blamed for it. Selfishness is the mainspring of industry; there is no doubt about that. And when I stand up here and speak for the interest I represent, it is solely to protect that interest to assist us in developing

it. And I fear an extension of this service, to permit additional Navy operations because I have seen these extensions occur from time to time—this is a regular jaunt with me once a year, coming down here to appear before one of the congressional committees on a bill affecting the radio laws. And each year I go back home with a little bit less than what we had before, and pretty soon there will be nothing left. And it is from that point of view we are combating it. I think it is time to draw the line, because I think there is no reason for radio to be picked on as anything special, or anything to be treated differently from others, and it is not any more peculiarly susceptible of being made the subject of Government ownership than any other kind of business.

Mr. HARDY. Do you think by leaving these commercial companies the cream of the business and letting the Government take the skimmed milk that it would be cutting you off very much?

Mr. KINTNER. I feel this way about that, that at this time, when everything is congested and the cables are overloaded and anxious to unload press, and the same condition exists with the radio, no doubt they would all be very glad to let the Government service handle the press. But that condition will not always exist, and then how are you going to stop it, and how are you going to get back this business that is desirable, to help you carry your overhead? It is that thing we have to face.

STATEMENT OF MR. CALVERT TOWNLEY, INTERNATIONAL RADIO TELEGRAPH CO.

Mr. TOWNLEY. I am associated with Mr. Kintner in the International Radio Telegraph Co. and also, for many years, have been connected with the Westinghouse Electric & Manufacturing Co. I feel very reluctant, after my colleague's statement to take up much time, but there is one angle of this thing that has not been brought out at all. My feeling is we have not, any of us, much reason to ask consideration for our selfish interest as against the selfish interest of any one else, and my own feeling is that I am glad to hear all this information about the congestion of the transatlantic traffic facilities, because it confirms the views my company had, that it was very desirable additional facilities should be provided. And while the Westinghouse Co. has become interested substantially in the International Radio Telegraph Co., they have not as yet expended very much money, and it would be quite a simple matter for them to withdraw from their plans for extension. As Mr. Kintner said, we have some coastal stations, and we are planning a station in Maine and the erection of other stations in the future, but can very readily shift those plans; we can very readily withdraw. We also have plans for research work to develop and improve the radio service.

As has been pointed out here by more than one speaker there are serious defects in the radio service. It is a new art. Wonderful progress has been made, but I do not think anybody in it or anybody here thinks we have anywhere near reached the finish. It is almost obvious there are going to be, and should be to get exactly what these gentlemen of the press want, better communication, great improvements in this art, and whereas it has certain defects now and probably will always have some defects, the number of those defects

will be greatly decreased. It is going to take time, it is going to take money, it is going to take perseverance; and obviously the incentive to spend that money and that time and to exert that perseverance is one of gain. If it is made attractive for the various financial interests in the country to try to improve the service, every one of us is going to be benefited, every one here is going to be benefited, the public is going to be benefited, and the nations will be benefited. And it seems to me it should be a national policy, and I so interpret resolution 170 which Congress passed last June, that it was the policy to encourage this activity by saying in effect to the private interests of the country, "If you will develop this business so that you can handle it, why you can handle it and the Government won't interfere." In the meantime, I can not see any reason why if the service can be improved by the use of the Navy stations, they should not be used. They certainly should be used. I have not said anything against what the gentlemen stated in favor of using the Navy stations for the time being, and if I had known the testimony here would tend toward the withdrawal of the amendment of Mr. Britten and toward the amendment of the old law, perhaps I would not have come; because if the old law has any limitations which timely use has shown to prevail, possibly this committee will decide to make an amendment; but it seemed to me this new law was most decidedly an entering wedge and would be regarded by people in general as an entering wedge toward the general handling of radio business by a Government agency, and I should regard that as dangerous. I would not care whether you cast aside the dangers to any interest I might represent, because we could step out very easily; but if a doubt is cast on the policy of the Government to encourage research and improvement, why it won't be so rapidly made.

I would therefore urge most respectfully, Mr. Chairman, that in your deliberations in this matter you take care of these gentlemen of the press, that you let them have such facilities as you can, but that you do not modify your general policy as outlined in the law as it stands to-day and as represented by resolution 170; because after a time—it may be a few months, as Mr. Brown has said, or it may be a year, or it may be a longer time—the situation is bound to be radically changed and I hope encouragement will be given to the improvement of these facilities by research and by development. And that is the point, Mr. Chairman, that I would like to leave with you.

(Mr. George T. Hargreaves, general manager of the Universal Service (Inc.), submitted the following information for the record:)

UNIVERSAL SERVICE (INC.),
World Building, New York City.

INFORMATION FOR HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES IN THE MATTER OF HOUSE JOINT RESOLUTION NO. 409.

GENTLEMEN OF THE COMMITTEE: Herewith I submit original copies of cable and radio messages from Europe, addressed to Universal Service by its correspondents abroad, for the months of November and December, 1920. These messages show that it has required from 6 to 36 hours in transmission from the time of the filing of the messages abroad to the time of their receipt in the cable and radio offices in New York.

In order to indicate quickly the elapsed time in the transmission of these messages, I have lettered them for the two months, respectively, and herewith show, first, the point of origin; second, the time of filing at that point; third, the time of receipt in New York; fourth, the elapsed time in round hours.

Date.	Point of origin.	Time filed.	Time received.	Elapsed time.
NOVEMBER.				
Western Union.				*Hours.*
A. Nov. 2	London	11 a. m.	7 p. m.	8
B. Nov 3	Paris	12 noon	7 p. m.	7
C. Nov. 4	London	7.30 a. m.	7 p. m.	11½
D. Nov. 4	do	8 a. m.	9 p. m.	13
E. Nov. 4	Paris	8 a. m.	9 p. m.	13
F. Nov. 5	do	12 noon	9 p. m.	9
G. Nov. 5	do	12 noon	11 p. m.	11
H. Nov. 4	London	12 noon	9 p. m.	9
I. Nov. 6	Paris	6 a. m.	7 p. m.	13
J. Nov. 6	do	6 a. m.	7 p. m.	13
K. Nov. 6	do	7 a. m.	7 p. m.	12
L. Nov. 7	do	12 noon	7 p. m.	7
M. Nov. 8	do	6 a. m.	10 p. m.	16
N. Nov. 9	London	5 p. m.	12 mi'night	7
O. Nov. 9	do	8 a. m.	6 p. m.	10
P. Nov. 9	Paris	7 a. m.	6 p. m.	11
Q. Nov. 9	London	11 a. m.	7 p. m.	8
R. Nov. 9	Paris	11 a. m.	9 p. m.	10
S. Nov. 9	London	10 a. m.	9 p. m.	11
T. Nov. 10	do	8 a. m.	7 p. m.	11
U. Nov. 10	Paris	7 a. m.	9 p. m.	14
V. Nov. 10	do	8 a. m.	9 p. m.	13
W. Nov. 10	do	8 a. m.	10 p. m.	14
X. Nov. 10	do	5 a. m.	10 p. m.	17
Y. Nov. 10	do	8 a. m.	11 p. m.	15
Z. Nov. 11	London	8 a. m.	7 p. m.	11
AA. Nov. 11	do	2 p. m.	10 p. m.	8
BB. Nov. 11	Paris	8 a. m.	11 p. m.	15
CC. Nov. 14	do	6 a. m.	6 p. m.	12
DD. Nov. 23	London	7 a. m.	11 p. m.	16
EE. Nov. 24	do	8 a. m.	10 p. m.	14
FF. Nov. 24	Paris	11 a. m.	10 p. m.	11
GG. Nov. 24	London	10 a. m.	11 p. m.	13
HH. Nov. 25	Paris	7 a. m.	12 p. m.	17
II. Nov. 29	do	8 a. m.	7 p. m.	11
JJ. Nov. 30	do	8 a. m.	10 p. m.	14
Marconi radio.				
KK Nov. 4	Berlin	11 a. m.	11 p. m.	12
LL Nov. 5	do	11 a. m.	1 a. m.	14
MM Nov. 22	London	11 a. m.	10 p. m.	11
NN Nov. 22	Berlin	12 p. m.	4 a. m.	16
OO Nov. 26	do	8 a. m.	8 p. m. (27th)	32
PP Nov. 27	do	7 a. m.	4 p. m. (28th)	33
DECEMBER.				
Western Union.				
1. Dec. 1	London	10 a. m.	8 p. m.	10
2. Dec. 1	Paris	8 a. m.	7 p. m.	11
3. Dec. 2	do	8 a. m.	10 p. m.	14
4. Dec. 3	London	11 a. m.	8 p. m.	9
5. Dec. 4	Paris	12 a. m.	8 p. m.	8
6. Dec. 4	London	11 a. m.	7 p. m.	8
7. Dec. 4	Paris	7 a. m.	6 p. m.	11
8. Dec. 4	London	10 a. m.	6 p. m.	8
9. Dec. 5	Paris	7 a. m.	9 p. m.	14
10. Dec. 6	London	11 a. m.	8 p. m.	9
11. Dec. 7	Paris	8 a. m.	10 p. m.	14
12. Dec. 8	do	8 a. m.	6 p. m.	10
13. Dec. 9	do	8 a. m.	9 p. m.	13
14. Dec. 9	do	12 a. m.	8 p. m.	8
15. Dec. 9	do	8 a. m.	7 p. m.	11
16. Dec. 10	London	10 a. m.	7 p. m.	
17. Dec. 10	Paris	8 a. m.	7 p. m.	11
18. Dec. 10	London	10 a. m.	7 p. m.	9
19. Dec. 11	do	2 p. m.	10 p. m.	8
20. Dec. 12	do	12 noon	7 p. m.	7
21. Dec. 12	do	9 a. m.	6 p. m.	9
22. Dec. 12	do	11 a. m.	6 p. m.	7
23. Dec. 15	Paris	5 a. m.	12 p. m.	7
24. Dec. 15	do	12 noon	8 p. m.	8
25. Dec. 15	London	1 p. m.	7 p. m.	6
26. Dec. 15	do	8 a. m.	7 p. m.	11
27. Dec. 19	Paris	8 a. m.	11 p. m. (20th)	41
28. Dec. 19	London	9 a. m.	6 p. m. (20th)	33

Date.	Point of origin.	Time filed.	Time received.	Elapsed time.
DECEMBER—continued.				
Postal—commercial cables.				
29. Dec. 6	Paris	8 a. m.	3 p. m.	7
30. Dec. 3	do	8 a. m.	9 a. m. (4th)	24
31. Dec. 3	do	1 p. m.	2 a. m. (4th)	13
Marconi radio.				
32. Dec. 1	Berlin	7 a. m.	4 a. m. (2d)	21
33. Dec. 2	do	3 p. m.	9 a. m.	18
34. Dec. 2	do	9 a. m.	12 p. m (3d)	27
35. Dec. 2	do	3 p. m.	9 a. m. (3d)	18
36. Dec. 3	do	3 p. m.	6 p. m (4th)	27
37. Dec. 6	do	8 a. m.	5 p. m.	9
38. Dec. 7	do	8 a. m.	1 a. m.	17
39. Dec. 7	do	8 a. m.	10 a. m. (9th)	50
40. Dec. 8	do	9 p. m.	9 a. m. (10th)	36
41. Dec. 11	do	1 p. m.	2 p. m. (12th)	25
42. Dec. 12	do	11 a. m.	3 p. m.	4
43. Dec. 12	do	1 p. m.	7 p. m.	6
44. Dec. 15	do	2 p. m.	4 a. m. (16th)	14
45. Dec. 16	do	9 a. m.	7 p. m.	10
46. Dec. 15	do	8 p. m.	3 a. m. (18th)	55
47. Dec. 16	do	9 a. m.	9 p. m.	12

(The committee thereupon adjourned until Thursday, January 6, at 10.30 o'clock a. m.)

MSH 21993

Part 2

OPENING CERTAIN NAVAL RADIO STATIONS FOR THE DISSEMINATION OF PRESS MESSAGES

Box 89

HEARINGS

BEFORE THE

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-SIXTH CONGRESS
THIRD SESSION

ON

H. J. RES. 409

PART 2

THURSDAY, JANUARY 6, 1921

WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

25758

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-SIXTH CONGRESS.

WILLIAM S. GREENE, Massachusetts, *Chairman*.

GEORGE W. EDMONDS, Pennsylvania.	RUFUS HARDY, Texas.
FREDERICK W. ROWE, New York.	PETER J. DOOLING, New York.
FRANK D. SCOTT, Michigan.	LADISLAS LAZARO, Louisiana.
WALLACE H. WHITE, JR., Maine.	DAVID H. KINCHELOE, Kentucky.
FREDERICK R. LEHLBACH, New Jersey.	WILLIAM B. BANKHEAD, Alabama.
SHERMAN E. BURROUGHS, New Hampshire.	WILLIAM C. WRIGHT, Georgia.
CHARLES F. CURRY, California.	EWIN L. DAVIS, Tennessee.
EDWIN D. RICKETTS, Ohio.	THOMAS H. CULLEN, New York.
CARL R. CHINDBLOM, Illinois.	
FRANK CROWTHER, New York.	
CLIFFORD E. RANDALL, Wisconsin.	
WILLIAM N. ANDREWS, Maryland.	

RENE G. DE TONNANCOUR, *Clerk*.

OPENING CERTAIN NAVAL RADIO STATIONS FOR THE DISSEMINATION OF PRESS MESSAGES.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Thursday, January 6, 1921.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene (chairman) presiding.

The CHAIRMAN. Mr. Young, do you want to be heard now?

STATEMENT OF MR. EUGENE J. YOUNG, NEW YORK WORLD.

Mr. YOUNG. We have stated our case pretty thoroughly at the last session, Mr. Chairman, and the matter has now come to much simpler lines. We have had a talk with the radio people and they have agreed to a system whereby they are willing to let us have time for the organization of our communications on this side and the other side with the wireless stations. They admit that for six months they probably will not be able to give us the proper service and they are willing to let us have six months' notice to terminate the Government service.

Our idea is not to change the existing system which the committee and Congress have decided is the proper way to handle the Government wires. We are perfectly willing to leave it to the Department of Commerce to decide when private facilities are sufficient and are perfectly willing to leave to the committee just what kind of a law shall be passed. We think an amendment to the existing law is probably the best way and all we want is assurance for one year, or about a year, that we can have the use of the naval wireless to help out the private concerns, so as to give us the added facilities. And we have suggested that some provision be made whereby the rates shall be fixed, so that we are not undertaking to do anything at the expense of the Government. The Government can get the rates provided for by private companies and we are perfectly willing to pay those rates to the Government and let them have whatever profit there is to be made out of it.

Then we would like to have a definition of what is press matter, so that they can include in press matter what we call service messages. Those are messages that have relation to ordering our correspondent on the other side to send 2,000 words, for instance, or to instruct him to go to a certain place to get his news.

Mr. EDMONDS. It covers the same ground.

Mr. YOUNG. Yes; it relates entirely to the transmission of press news. Our desire is to have a definition that will make it certain that only matter of public information and news is to be transmitted, and service messages which will relate entirely to the transmission of this news and sending men to get the news.

Mr. SCOTT. Has there been any misapprehension as to the definition at the present time?

Mr. YOUNG. I think it would be wise to make it certain.

Mr. SCOTT. I am not questioning that.

Mr. YOUNG. We have that arrangement with the telegraph companies.

Mr. SCOTT. At the present time the Navy have accepted all your messages of instructions and calls for so many thousand words on a certain proposition, as press messages, have they not?

Mr. YOUNG. I am not prepared to say that, whether they have or have not, because, as I say, that is a point that has not been raised before. But we are in fear of having trouble on that point.

Mr. SCOTT. I did not know it had been raised.

Mr. YOUNG. I think it would be wise to put that in, and then the Navy will know what they are going to take. We are anxious to not overuse this service. For instance, we do not want to have our business offices or people connected with newspapers who have advertisements walking in and clogging up the wires or taking advantage of this service for purely advertising or business purposes. I think we are more inclined to protect the Government than we are ourselves on that, so we think it wise to put something in along that line.

Mr. CHINDBLOM. I think there was something said in the last hearing in regard to these service messages. Has there not been some question of whether press messages included that?

Mr. BROWN. In answer to your question, I believe I raised the question at the former hearing on this same resolution, that the International Telegraphic Convention, to which all of the foreign countries and private companies operating in foreign countries are subject, defines press matter and press messages to be messages which are addressed to newspapers and are intended for publication only.

Mr. CHINDBLOM. I think some statement was made. There has been a recent conference, as a result of which the former definition has rather been abandoned.

Mr. BROWN. Not that it has been abandoned, but that there is a movement to change it. That is not yet effective, as I understand it, but there is a movement under way to try to change that.

Mr. CHINDBLOM. Mr. Rogers had some information on that subject.

Mr. BROWN. Yes. He said it is under discussion now.

Mr. YOUNG. I am handicapped in addressing you this morning, because I expected to get the report of the previous hearings, but, unfortunately, the report is not printed and I have been unable to get certain information in those hearings which I wanted.

Mr. BRITTEN. May I suggest that the desire for a definition of press messages results from a fear of what might happen? Some newspapers may pick up advertising on the other side and attempt to crowd the line with advertising matter, to be paid for, and that, of course, will be published. It is public property, but it is advertising and will be paid for. And the definition of press messages, I think, might well be established so as to exclude stuff of that kind. That is the only question.

The CHAIRMAN. Have you prepared any amendment or suggestion to cover that?

Mr. YOUNG. Mr. Chindblom yesterday very kindly worked with me on the draft of an amendment, and I think I will let Mr. Chindblom say what he has done. We went over the whole ground with him.

Mr. CHINDBLOM. I looked for Mr. White and for one or two members of the subcommittee yesterday afternoon, but we were all busy in the House. And I had a conference with Mr. Young and another gentleman, Mr. Hoolihan, and I told them I thought in all probability this matter would be referred to the same subcommittee we had before (I presume that subcommittee is still in existence), and I got their general idea so that when the subcommittee meets, if it is referred to the subcommittee, I think it can be properly taken care of.

Mr. YOUNG. Our idea was to get in entire harmony with this committee.

Mr. BRITTEN. On yesterday I was called upon by Mr. Brown and Mr. Ford, who represent the Radio Corporation of America, and their desire is to assist the newspapers at this time to get this service—to get just as much of it as they possibly can. And they have suggested an amendment, which possibly Mr. Chindblom knows of, to the existing law, merely changing it so that the time is specific when the Navy Department is to turn the service back to private enterprise. They suggested six months and I think they were inclined to go along for a year. A year's limitation there is necessary, I thought, in order that Mr. Pierson, who represents all the newspapers of America, with one exception, and all the newspaper associations, is now on the high seas. He is going to France with a view to contracting probably for one year for so many hours a day at Bordeaux, the tower which we built. In order that he might successfully contract with the French Government for one year, it was necessary for him to have something tangible on this side of the Atlantic for them to work to. They will say "What are your arrangements with your Navy Department," and they ought to be in a position to know they have an arrangement with the Navy Department to transmit this news for one year. And I think that is the quickest solution of this matter.

Mr. CULLEN. Your amendment is that at the expiration of a year the Government will get out of this business; is that it?

Mr. BRITTEN. No; the amendment is along this line, that private corporations will notify the Secretary of Commerce that they are "now in a position to handle this business." The Secretary of Commerce, as has been the custom in the past, will then give them a hearing, and, if he is satisfied they can handle the business, he then notifies the Secretary of the Navy that "the private radio corporations are now ready to handle the business," and one year from that time the Navy relinquishes that business. They, of course, show the Secretary of Commerce, by what business they have and their new tower in prospect here and some place else, that they can in that time handle the business, and in that way they satisfy him of that fact,

and he in turn notifies the Navy and it notifies the press associations.

Mr. CULLEN. That means about a year?

Mr. BRITTEN. That means about a year.

Mr. EDMONDS. As I understand, there are only two things now in controversy: First, that permission be given the Navy Department for a certain period of time, for six months' time, and that contracts be not canceled in that time; and, second, the definition of press messages. Those are the only two things in controversy in the present bill?

Mr. YOUNG. That is all.

Mr. EDMONDS. The rates are subject to the Interstate Commerce Commission?

Mr. YOUNG. No; as we looked at the law yesterday, the Interstate Commerce Commission has no right to touch rates for messages that originate on the other side. It is only within the territory of the United States that they can touch rates on messages which go from this country across the ocean to a foreign country or to a possession of the United States.

Mr. EDMONDS. Even the Navy Department would not have any control on the other side; but if a rate made here for the transmission of messages was not satisfactory it would be subject to control by the Interstate Commerce Commission.

Mr. YOUNG. Not under existing law.

Mr. EDMONDS. Yes; they have absolute control of it.

Mr. CHINDBLOM. I will say, Congressman Edmonds, we looked over the railroad transportation act yesterday and it does not cover any rates for the transmission or reception of messages outside of the territory of the United States.

Mr. EDMONDS. Oh, no; it could not, necessarily. And neither could anyone in the Navy Department.

Mr. CHINDBLOM. But we, of course, could control the Navy Department by law.

Mr. EDMONDS. No; you can not control by law rates on the other side.

Mr. CHINDBLOM. We can control the Navy Department on the rates it charges here for service to the other side.

Mr. EDMONDS. That is true; and the private wireless people here and the rates made by the Navy Department would be subject to revision by the Interstate Commerce Commission.

Mr. YOUNG. Under this existing law; yes.

Mr. EDMONDS. But the rates on the other side, we could not through the Navy Department of anybody else, control those. It is a question of what the other fellow wants to charge and he can do what his law allows. So the question of price and rates does not enter into it at all; the only question is the period of time the Navy Department should have this authority, and then the question of the definition of press messages.

Mr. CHINDBLOM. I do not think that the transportation act as it now reads would cover rates from the United States to Europe by an American company.

Mr. EDMONDS. I do not think there is any question about it.

Mr. CHINDBLOM. I think you will agree with me if you read the language. However, that is a detail for the committee in executive session.

Mr. HARDY. I do not know whether I understand this last suggestion, which is simply a question of existing law, and what would be the amendment suggested by Mr. Britten this morning of this existing law.

Mr. CHINDBLOM. As I understand it, it would cover two points: First, an amendment which would make it certain that the newspapers and press associations would get this service for a year, so that they can make contracts for a year; second, that there should be a definition of press messages so as to cover everything that relates to press messages—not only the messages themselves but service messages, so-called, that relate to the work of the correspondents, and that would exclude the possibility of any other commercial business being sent as press messages. Those are the two points, as I understand it.

Mr. HARDY. Has anybody tried to phrase an amendment to this law so as to accomplish the purposes you speak of?

The CHAIRMAN. That can be drawn in executive session.

Mr. HARDY. I understand Mr. Britten wanted it in such shape that when the private companies thought they could comply with the requirements they would notify the Secretary of Commerce and he would then notify the Secretary of the Navy that so-and-so thought they could supply that commerce or that service, and that the Secretary of the Navy would then have a year thereafter in which to continue to perform this service.

Mr. CHINDBLOM. That is already in the present law, except the provision of a year.

The CHAIRMAN. They are asking to have six months' notice in case it is given up.

Mr. HARDY. Then, as I understand, you propose, instead of saying "shall terminate and cease," to say "at the end of one year thereafter shall terminate?"

Mr. BRITTEN. Yes.

Mr. EDMONDS. No; I think we should leave this in here and then to say that where the Government wires are used that a contract could be made for a definite length of time—for six months or a year.

Mr. HARDY. Where would we put that in?

Mr. EDMONDS. We would put that in at the end of the section.

The CHAIRMAN. Is there anybody else to be heard in behalf of the newspapers?

Mr. YOUNG. No.

The CHAIRMAN. Is there anyone to be heard in opposition?

STATEMENT OF MR. WILLIAM BROWN, REPRESENTING THE RADIO CORPORATION OF AMERICA.

Mr. BROWN. If the matter is to be referred to a subcommittee to work out these two points that have been suggested, I think that will cover everything we would like to discuss. There are some features of the definition of press messages which we would like to consider. It is the notion of the Radio Corporation that press matter, to go at press rates and to be handled by the naval stations, ought to be confined to matter for publication. The International Telegraphic regulations, to which all of the foreign countries and companies operating in the foreign countries are subject, define very specifically what

press messages are, and those definitions confine such matter to messages intended for publication. I can see if there should be any material departure from their definition, that it will produce complications, because we, of course, are regulated at this end and I believe the navy stations would be also by press matter handled from the other end or to go from this end of the circuit to the foreign countries.

Mr. BANKHEAD. What interest do you represent?

Mr. BROWN. The Radio Corporation of America.

Mr. SCOTT. I think the thing has simmered down now to a fairly concrete question on the propositon of a definition. Press messages heretofore has been defined by the press associations. Now, I understand there is a possibility of some digression from the original definition. I also understand there is no controversy, so far as concerns the Secretary of Commerce or the Secretary of the Navy, as to the proper interpretation of press messages in accordance with the rule accepted by press associations. But let me suggest this thought to you gentlemen, and I do it in good spirit and not in a critical sense at all. I think you gentlemen ought seriously to consider the wisdom of placing a definition on the statute books which may, at some time in the near future, not represent your ideas at all and may be subject to legal misinterpretation. I simply give you that thought in connection with your presentation of the idea of placing on the statute books a definition of so-called press messages.

Mr. BROWN. I did not mean to infer that we would expect to control that matter at all, because we can not. I am only trying to point out the fact that, regardless of the definition that may be adopted in this proposed amendment, we will still be subject in our dealings with the other ends of these circuits to the interpretation of regulations that apply at the other end. We can not change those, and in a measure we shall be bound by them.

Mr. CHINDBLOM. Are you bound in your arrangements or in your necessary communications with them on the matter of rates?

Mr. BROWN. Necessarily so, because only by arrangements with those other companies are we able to handle these messages. We have to make some arrangements to get them to handle the other end of all this communication—press matter as well as ordinary communications. It requires some arrangement at both ends of the circuit.

Mr. CHINDBLOM. Let us take a concrete case. Let us suppose a message was sent from the other side something to this effect: "There has been a great labor disturbance in Budapest. I can send you 2,000 words. Can you use them?" That would be a press-service message, would it not?

Mr. BROWN. It would not be, according to my understanding of the interpretation given to the definition of the International Telegraphic Convention.

Mr. CHINDBLOM. So I understand. That message would emanate from the other side and come over here to you.

Mr. BROWN. Yes.

Mr. CHINDBLOM. They would charge you for that message on the other side the ordinary commercial rates, would they not?

Mr. BROWN. They would; yes, sir.

Mr. CHINDBLOM. And not bill that to you as press business.

Mr. BROWN. Not as press matter at all, because that would not fall within their prescribed regulations.

Mr. CHINDBLOM. Suppose you were to send a message from this side for a newspaper to its correspondent on the other side and you were to charge them the press rate at this end, and not the commercial rate. How would your relations with the other side interfere with that?

Mr. BROWN. They would bill us for their proportion of the regulation commercial rate on that and we would have to pay them according to that rate; otherwise we could not work with them. They regulate their part of the division of the toll absolutely and that we can not control.

Mr. HARDY. Who can control it? They can not control you over here and you can not control them over there, so the whole thing is up in the air.

Mr. BROWN. As a result of the physical situation it has got to be a matter of agreement.

Mr. HARDY. In other words, you two gentlemen who represent the ends of these wires are about law; there would be no law over here or over there which could control you?

Mr. BROWN. We can not control it alone, nor can they control it alone; but so far as legislative bodies here are concerned they can prescribe regulations and if we can not deliver the service within those regulations, then, of course, we can not do business.

Mr. HARDY. I can see very plainly if you get this all in the hands of the private individuals, why you might just as well repeal it.

Mr. BROWN. Right in this connection I would like to say one word. It appeared from the statements of the gentleman representing the press at the last hearing on this matter, that the private companies were enedavoring to side-track all of the press business and to turn that over to the Government. Upon investigation I find that the Radio Corporation, among the private companies, has been handling a substantial amount of press business and I would like to give you just a few figures on that. I find that on the Great Britain circuit, taking the traffic over a short span of consecutive days, during which a total of 60,332 words were handled, that 20,121 such words, or 30 per cent of the whole, was press traffic.

Mr. CHINDBLOM. For what period was that. You say it was a period of consecutive days; when was that?

Mr. BROWN. It was within the past 10 days, since the recent hearing. On the circuit with Germany, during the same period, out of a total of 64,223 words handled, 15,611 were press messages, or 24 per cent.

Mr. CHINDBLOM. Were the circuits filled during those respective periods.

Mr. BROWN. They were reasonably well filled.

Mr. CHINDBLOM. That is practically your capacity?

Mr. BROWN. I would not say that is the total capacity, because we anticipate, of course, with experience, to develop a higher rate of speed. We are working toward that all the time.

Mr. BANKHEAD. Does that ratio represent about the normal amount of press business for the period, say, of the last six months?

Mr. BROWN. I can not speak as to the last six months; but, as I understand it, that is the way it is running.

Mr. BANKHEAD. You just took it since the hearings commenced. I wanted to get some idea whether that represented the normal situation.

Mr. BROWN. It is my understanding it does.

Mr. CHINDBLOM. You have not been exerting more diligence in sending press messages since the last hearing?

Mr. BROWN. Not at all. On the French circuit the percentage runs much higher. Out of a total of 17,951 words, 9,861 was press matter, or 55 per cent. In this connection, however, it should be borne in mind that the French circuit has been open for traffic only during the past few weeks and has not as yet developed.

Mr. HARDY. The French wireless is Government owned, is it not?

Mr. BROWN. At present they are operating with the Government owned station in France.

Mr. HARDY. Is there any privately owned wireless in France?

Mr. BROWN. There are privately owned wireless stations in France but at the present time the stations of the private companies are not prepared to handle transoceanic business.

Mr. HARDY. So that all the business of France goes by Government wireless; the business of France is all Government business?

Mr. BROWN. Yes; at the present time.

Mr. CHINDBLOM. There is only one transoceanic station in France, is there not? At Bordeaux?

Mr. BROWN. No, sir; there is one at Lyons—both Government stations.

Mr. CHINDBLOM. Communicating with the United States?

Mr. BROWN. Communicating with the United States.

Mr. CHINDBLOM. The impression I got at the last hearing was that Bordeaux was the only one.

Mr. BROWN. No, there are two; one at Bordeaux and one at Lyons. There is only one other point. I care to mention——

Mr. HARDY. Before you get away from that: Do your figures separate the sending and receiving service with France, for instance. You said you had so many words.

Mr. BROWN. That means in both directions. These are the totals in both directions, and I have not separated them.

Mr. HARDY. There is a good of deal of difference, however, between sending and receiving, is there not?

Mr. BROWN. Yes; ordinarily, there is.

Mr. HARDY. Who gets the major part of the service generally, the sender or the receiver?

Mr. BROWN. It is divided.

Mr. HARDY. Is it divided equally?

Mr. BROWN. It is divided equally; it is a 50-50 proposition.

Mr. SIMON. About half of the figures you gave were for press messages sent to Europe?

Mr. BROWN. I think it would probably run a little bit more than 50 per cent in the other direction. I recall that it was somewhat higher in the eastbound traffic than in the westbound. There was more press matter going eastward than coming westward.

The other point I wanted to mention, in fact to somewhat emphasize, is one that was brought out in the last hearing by Mr. Kintner and also Admiral Bullard, to the effect that regardless of what is done in the way of amending existing legislation here, we are still

going to be bound by and subject to the conditions existing over in Europe with reference to finding available stations to handle the other end of the traffic over the Navy stations. It is a very serious question whether the amendment proposed to existing law will afford the relief that the press associations desire. That, of course, is something we can not control—the Radio Corporation of America nor any of the other privately owned companies. That is a condition that exists over there and which can not be changed by us. There are only a limited number of stations. We can only work from this end with the stations available in Europe and whether there will be other stations built there in the near future or not, that will relieve the situation, we can not of course predict. But for the present, it should be borne in mind it is extremely doubtful if the facilities can be found there to work in connection with the Navy stations to relieve this situation.

Mr. CHINDBLOM. You think you are exhausting the capacity over there?

Mr. BROWN. I think we are.

Mr. CHINDBLOM. You do not mean there would be any objection that you know of to their doing business with the Navy?

Mr. BROWN. Absolutely not, if they have the facilities; but, as I understand it, the facilities are now taxed to their capacity.

Mr. BRITTEN. I believe you will agree the Bordeaux station in France is available now for plenty of business?

Mr. BROWN. I think that France is one exception to what I have said.

Mr. CHINDBLOM. What about Nauen, in Germany?

Mr. BROWN. I think Nauen is being operated now practically to its capacity and I doubt very much if they would feel like turning away the commercial business at a rate of 36 cents, which applies to American tolls, to take care of press business at a rate of 10 or 12 cents per word, or of 8 cents.

Mr. CHINDBLOM. What about the Norwegian station?

Mr. BROWN. The Norwegian station is operating at fair capacity, as I understand it, and is doing practically no press business.

Mr. BANKHEAD. I would like to ask the witness a question: Have you a copy of the bill before you?

Mr. BROWN. I have; yes, sir.

Mr. BANKHEAD. I understood you to say your idea was this contract should provide that these messages were to be received in all the naval stations when they were to be used for publication, limiting it to messages that were received for publication; is that correct?

Mr. BROWN. I did not quite understand your question.

Mr. BANKHEAD. In the beginning of your remarks you made some statement with reference to limiting it to messages received for publication—press messages.

Mr. BROWN. Yes.

Mr. BANKHEAD. What addition would you suggest there to section 3, which undertakes to define what a press message is?

Mr. BROWN. I have not really studied that.

Mr. BANKHEAD. It says that dispatches "designated as 'press' shall include all dispatches which are written or filed by newspapers or press associations or their accredited correspondents and which are intended for general public information, and shall also include

messages of instruction or information regarding the writing, transmission, or publication of such dispatches, or regarding the general gathering of news."

Mr. BROWN. I think the part of that definition relating to instructions to correspondents should be left out; because I feel if the press associations are allowed to give their representatives instructions relative to the dissemination of their information and news, there is no reason why commercial companies should not have the same privilege with reference to instructions to their salesmen. I think in the case of press associations the news is their commodity, that is what they are handling, and if they wish to give instructions to their representatives as to how to handle that, as to where they shall disseminate it, and such matters, that becomes, in a measure, a commercial undertaking and they should pay the commercial rates for those instructions.

Mr. BANKHEAD. You are undertaking, of course, to state the attitude of the Radio Corporation and other private owners of radio service.

Mr. BROWN. Not of other radio corporations, because I am not authorized to speak for them; but so far as the Radio Corporation of America is concerned, we feel the press rate should be made to apply to matter for publication only.

Mr. BANKHEAD. Suppose a paper, for instance, got a dispatch that was originally intended for publication but, for some reason of policy or otherwise, they decided it was not expedient to publish; what would be your idea about that?

Mr. BROWN. I should construe that as press matter. I do not undertake to think that all matter that comes will be utilized for publication, at all, and realize that, for one reason or another, it is not used.

Mr. BANKHEAD. Your idea is, substantially, that this section meets with your approval with the elimination of the last part of the paragraph?

Mr. BROWN. Yes.

Mr. BRITTEN. May I say right there, if that is eliminated, that it might prevent the newspapers from getting the news if you are going to bar the Navy Department from taking certain parts of this matter. Suppose, for instance, directions should go from the New York Times to their correspondent on the other side to go to a certain place and get certain news and send it back as quickly as possible. The gentleman contends that is commercial. Now, if you limit it so that the station is not capable of handling these messages quickly, the fellow will never get there. That is the reason for this amendment, to let the Navy Department handle it, because these other lines are jammed.

Mr. BANKHEAD. Your contention, then, is this language should be retained?

Mr. BRITTEN. Yes.

Mr. CULLEN. It makes your messages preferred.

Mr. BRITTEN. No; they are not preferred; they go right along with the other news of the Navy Department. In other words, it gets into general communication immediately; whereas the other way it would depend upon private corporations, and when the wireless is jammed the correspondent does not get the direction.

Mr. BANKHEAD. Your two views on this matter are entirely apart.

Mr. BRITTEN. The gentleman has shown fairly well that the private companies are more than willing to get together with us.

Mr. BROWN. I have no doubt but that is a detail that can be worked out.

Mr. BANKHEAD. Let us have your suggestion how that can be done.

Mr. BROWN. By limiting it to some close line—messages of instruction pertaining to the publication of the article. I can see where there is apt to be developed, in connection with your news activities, the circulation and conduct of a propaganda, as it were, for the development of American commerce. I believe that back of all this activity, at least in the mind of Mr. Rogers, there is that thought that the press associations, by their activities in Europe, through the dissemination of news will build up American commerce. But I can see where that might be abused, and yet, on the other hand, where by some agreement, after more careful consideration, there can be some leeway provided for messages of instruction pertaining to the actual publication of the article.

Mr. BANKHEAD. The trouble about that is you are leaving the members of this committee and the subcommittee in the dark as to the leeway. I am endeavoring to get a concrete suggestion from you as to how this difficulty can be avoided, as far as your interest is concerned, without coming in conflict with the real purpose of this bill.

Mr. BROWN. I think by including with the definition of press messages some specific instructions as to the publication of the article that that might cover it. It is a rather difficult thing to handle, I will admit, but I believe it can be done.

Mr. HARDY. I would like to hear from Admiral Bullard on this. I understand he is well informed as to the modus operandi in France of the regulation and control of the public and privately owned wireless.

STATEMENT OF REAR ADMIRAL WILLIAM H. G. BULLARD, COMMUNICATION DIVISION, UNITED STATES NAVY.

Admiral BULLARD. All I can give you is the facts—information. There seems to be a little misapprehension about these foreign circuits, and if the committee would like to have it cleared up I think I can do that for you in a minute or two, especially as it relates to France, which seems to be pertinent at this moment. In the first place, the operation of wireless in France is absolutely a Government monopoly. The French Government insists on having its communication with all its colonies and handling its own business. It is an absolute monopoly. But it has granted authority to a private French company to erect one station in France and has given that company a license to operate with private companies in the United States. That station, however, has never been constructed, and I doubt if it has got far on paper, because it is not proposed to have it in operation for at least two years from now; but that is a project in view. In the meantime the Government reserves the right of making all the restrictions on this art, but has given one private company permission to erect one station in France for communication to the United States, and while this station is being erected and

getting ready to operate it has said, "We will place the Government stations at your disposal during that interval." So the two high-power stations at Lyon and Bordeaux are now alternately being used for the transmission of private business across the Atlantic, both press, commercial, and other messages.

Judge Hardy also brought up the question of rates, and I would like to say just one word on that. Of course, we are independent, sovereign States, and we can make our own laws governing interstate communication; but when it comes to international communication, it must be a matter of mutual agreement in the absence of any definite international regulation, and there is no international regulation of high-powered wireless service. The last convention to which the United States was a party, in 1912, did not touch that subject at all and left the various Governments at entire liberty to make their own arrangements. And any arrangements made between private companies and corporations in this country and stations on the other side must be made by mutual agreement, so that the Radio Corporation is making its mutual arrangement with this French private company, who, in turn, are permitted to use, temporarily, the stations of the French Government.

Now, the French Government, very recently, has agreed to what is called the reciprocity clause by which the United States agreed to deliver the Lafayette station, to the effect that all Government business going to America from France and to France from this country, the same relating to French Government ships in American waters and American Government ships in French waters, shall be transmitted gratuitously by each side. That was a concession granted after considerable diplomatic talk and was finally arranged out of their gratitude to us for building that station and giving it to them. They have consented to go that far. In the meantime, they have asked us also, in a way, to transmit their press, and they have put this peculiar request forward that the transmitting station shall receive all the toll. It seems that is not a bad proposition.

Then it is up to each company to get as much business as it can and the company getting the most business gets the major portion of the tolls. If the French send over here 10,000 words to-day, they get it all; then if the United States does not send anything to France, they get nothing. That is not such a bad proposition if you analyze it, because the station that sends this business is the transmitter and that is where all the money is invested. The act of receiving only takes a very unimportant part; it only requires the operator to sit there and take the message off. And they claim it is rather absurd, if the message cost 10 cents a word, coming from France where the high power is required to be produced to get this message across, that the little fellow who sits at the instrument and gets that message should get 5 cents and the transmitting station 5 cents. And they have advanced the rather unique proposition that the transmitting station take it all so far as the Government stations were concerned, and we were rather in agreement on that. They think they will have more business to send to the United States than the United States will send to France, and therefore that they will be a little ahead of the game.

Mr. EDMONDS. Did we make them a present of that station, Admiral?

Admiral BULLARD. I am afraid in fact we have. We have tried to get the money for it.

Mr. EDMONDS. So they do this out of gratitude to us for giving them this station?

Admiral BULLARD. The station cost this Government a large amount of money.

Mr. CHINDBLOM. Approximately how much?

Admiral BULLARD. A little over $4,000,000.

Mr. CHINDBLOM. Where is it located?

Admiral BULLARD. It is on the outskirts of Bordeaux, in a little village called Coetquidan, and was given the name of Lafayette in honor of Gen. Lafayette.

Mr. EDMONDS. I presume your department has written them in regard to their gratitude in appreciation of this present.

Admiral BULLARD. They think they want to use that station now to make the money to pay for it; and if they send considerable business to the United States and take all the transmitting toll they will be more able at some time in the future to pay for it.

Mr. BANKHEAD. Why did our Government build that station?

Admiral BULLARD. You will have to ask the diplomatic authorities about that.

Mr. BANKHEAD. It was built during the war?

Admiral BULLARD. It was built during the war.

Mr. BANKHEAD. And was intended for the protection of our interests, was it not?

Admiral BULLARD. It was built to insure reliable service with reference to the transmission of information to and from Europe.

Mr. BANKHEAD. The French Government made no agreement they would pay for it when its service to us had expired?

Admiral BULLARD. That was a war matter. As a matter of fact, it was constructed out of a direct appropriation to the Navy Department, and not out of the emergency fund; so that the Bureau of Engineering is out that amount of money that was appropriated specifically for them.

Mr. HARDY. As I understand it, the French will pay for the station?

Admiral BULLARD. They always say they will. If it is of any interest to you I can give you the details of that in a few moments. When the armistice came, of course, the station was about finished. Then the French said there is no use for this station, but "we will be glad to have it if you can complete it for us," and, under a contract entered into—our Assistant Secretary of State went abroad to make the contract and did make a contract—it was completed.

Mr. BRITTEN. Wasn't it the Assistant Secretary of the Navy, and not the Secretary of State?

Admiral BULLARD. I beg your pardon; I meant the Assistant Secretary of the Navy. The contract was drawn up and it was definitely stipulated that this station should be paid for in installments at stated intervals.

Mr. CHINDBLOM. That Lafayette station is being operated now?

Admiral BULLARD. Yes.

Mr. CHINDBLOM. That is in addition to the other two—the one at Bordeaux and the one at Lyons.

Admiral BULLARD. No; that is the one at Bordeaux. It has three names. Sometimes it is referred to as the Bordeaux station; sometimes as the Coetquidan station, and sometimes as Lafayette. As far as the United States Government is concerned, however, the official name is "Lafayette," and that name is placed in the memorial on the towers, "Lafayette station; built by the Government of the United States." They did not care so much to have that placed on the towers, but that went on the towers—built by the Government of the United States. And this contract made definite dates on which stipulated payments should be made, but they did not do it and have not done it. However, in exchange for this station they have granted this reciprocity arrangement about Government business, so that all American Government business going to France or to our ships that can be reached from that station is transmitted free; similarly, we take all French business for their consulates, their Ambassador, and their French officers in this country free.

The only question I want to bring out, as a matter of information relating to this rate proposition, is this very unique proposition which they put forward that the transmitting station take all the tolls. You see, if you have two ends and it is possible for each to send the same amount, they will come out equal in the end and it makes more simple the matter of accounting and all that sort of business. But I would like to have that borne in mind, when they come to consider the rate question, whatever it is.

Mr. HARDY. If that could be done by agreement between France and America as to private companies, it would simplify the rate regulation, because each Government regulates its own rates.

Admiral BULLARD. They regulate their own rates, and if they want to charge 10 cents (we do not care what they charge), we do not get any of it. And it may be they are using this for the purpose of putting up a very high rate on France and then say, "We take it all; you do not get any of it." That, I understand, is what the newspaper associations are going abroad for—to make these private arrangements.

And this situation in France is particularly interesting at this time, because of the very unfortunate condition of the cables. They have Government-owned cables also. They are overcrowded and can not take any more business, and so France sees an opportunity at this time of doing an immense business. Due to the low rate of exchange in France, the American cable companies have gotten out of France. They can not collect their full tolls, because on messages westbound from France they prepay at the depreciated currency. So the American companies, the commercial companies, the Western Union and Postal companies, when they take messages now, find they have done this business at a loss, because it is prepaid in the depreciated currency of France, and you can see the advantage they have, because we are signatories to the international convention which states that international accounts must be settled on the gold basis of France at 19.3 cents a franc.

You can plainly see how that wireless circuit is going to be jammed to the limit because the Western Union has already served notice on the French Government they will take no more of their messages because they are losing money on them at the depreciated currency and that will throw all those messages into Lyons and Lafayette. And I am afraid there is not going to be much time left for this very desirable press we are looking for. I simply utter those words as a little precaution to the press, because I am afraid they are going to find those circuits loaded up with high-paid commercial stuff, due to the fact both of the cable companies from France have refused to accept business paid for in their currency.

Mr. BRITTEN. They will double their rates very promptly.

Admiral BULLARD. That won't bring it up sufficiently to offset the value of the depreciated franc.

Mr. YOUNG. The commercial companies can switch their service to compete with that business.

Admiral BULLARD. They are doing it now through London. That is always a means of getting around this thing. The messages now go through London, London being a party to the cable convention, and if the United States were a signatory to the cable convention these parties would have no trouble, or the private radio companies would have no trouble; but because they must settle on the basis of the gold franc at 19.3 cents, which is now quoted at 5.6 cents, therefore I am afraid that is going to throw that business into the wireless stations. And that is the reason the French Government has been so anxious to take over these French circuits and so anxious to enter into an agreement with the private companies, because they knew the Government business would soon have to go out. And I understand the private companies are working hard to get their station ready for this great era of prosperity which they are all looking for.

These commercial messages will come to their wires, and I am afraid there is not going to be much time left for press, due to the complication of the cable situation. I know of a particular case in Europe—as a matter of fact, it is not germane to this discussion at all, but all the European countries are in the same condition. They all recognize wireless is a Government monopoly. France is very nearly in the condition of the United States as relating to private stations and Government stations; in other words, they try to enter into an amicable working agreement with them, and they have licensed this French private company to build one private station in France, but only to communicate between France and the United States, and France reserving the right to communicate with the rest of the world and with her colonies through the Government stations. It is a very involved subject, and I thought the committee might want to know the actual condition of affairs, and especially as to this rate proposition.

Mr. HARDY. So that we are not alone in having Government-owned wireless?

Admiral BULLARD. Every nation has its Government-owned wireless.

Mr. EDMONDS. Every nation has Government-owned wireless except England.

Admiral BULLARD. England has it.

Mr. EDMONDS. They have the navy station, but not an interstate system, because they are talking about making one now.

Admiral BULLARD. It is already on paper and is being rapidly completed.

Mr. CHAMBERLAIN. They also have Government railways and Government telegraphs and a lot of other Government projects.

Admiral BULLARD. I wanted to press the question of rates, because when you get into those it is a very unique proposition the press has brought forward.

Mr. HARDY. Would you not think the tendency is to slight the service for which nothing is paid, and that a better way would be to give a little something to the receiver?

Admiral BULLARD. I think it would be—if we could supply it for a small percentage of the toll. I think it would be better, because if the operator knows he is not getting anything for the work he is doing, he would not work as well.

Mr. HARDY. But it is out of proportion to give the receiver as much as the sender.

Admiral BULLARD. But that has always been the custom.

STATEMENT OF MR. E. J. SIMON, OF NEW YORK, N. Y., PRESIDENT OF THE INTERCITY RADIO COMPANIES.

Mr. SIMON. Mr. Chairman and member of the committee, I do not want to say I am in opposition to the bill any more than that I am in favor of it, but I would like to say a few words to point out a phase in which I am particularly concerned personally. I notice that this bill, if enacted, would permit the Navy stations to send press messages——

The CHAIRMAN. That bill is out of the proposition; we are simply going to put an amendment to the existing law.

Mr. SIMON. But assuming this amendment goes through——

The CHAIRMAN. It is intended to amend the existing law and not to pass that bill.

Mr. ANDREWS. Who does this gentlemen represent?

Mr. SIMON. I am president of the Intercity Radio companies which have an operate wireless stations in the cities of Chicago, Detroit, Cleveland, and New York, in the sending of commercial telegraphic business between those cities just the same as wire telegraph companies.

Mr. BRITTEN. What is the capitalization of the company?

Mr. SIMON. It aggregates something over $100,000. They are separate companies in each State in which we operate.

I just want to call the committee's attention to the fact that one section of the bill as proposed—I do not know whether it is contemplated leaving it in or not, and I am glad to learn from the chairman that it is not—would also take care of another phase of naval operation other than what I have heard discussed to-day, and that is ship-to-shore communication and communication nationally by stations of the Navy defined as "high-power stations." I have in mind that the stations of the intercity radio companies will shortly want to send press for one or more press associations during the idle night hours, for a large group of small newspapers that are now unable to obtain the quantity of international news they would like to have on account of the high cost. And if legislation was enacted which would permit the Navy stations throughout the country to disseminate such news at rates determined solely by the Secretary of the Navy, which would probably be less than rates at which commercial companies could give like service, it would be almost a foregone conclusion that my companies could not carry on such a service at a profit. I therefore suggest that there be a definition of high-power radio stations in any new bill that might be enacted, so that it would be limited, if that is the wish of the committee, to stations which are actually conducting an international or long-distance service, possibly to Europe or South America, and exclude such stations, for example, as Arlington or the Great Lakes Training Station of the Navy, which, possibly, could be included under this present definition of high-power stations and which could send out at all times, within the limit of the law, press messages to numerous newspapers in the very territories where private companies like the one of which I am president would want to serve.

Mr. EDMONDS. Wouldn't it be a good thing for you to just extend this thing so the Navy Department could supply you with all this information and then you could get it for nothing and you would not have to pay for the international news service? That would make your papers very strong and would give them news up to date.

Mr. BRITTEN. Mr. Simon is talking about a service that is not affected at all by this proposition here to-day.

Mr. SIMON. The bill has been drawn——

Mr. BRITTEN. The proposition now is that the existing law be amended.

Mr. SIMON. The existing law would be amended, and there would not be any provision made for ship-to-shore business.

Mr. BRITTEN. No; except in so far as it is provided for in existing law.

Mr. SIMON. There is one other thing I want to say, and that is about rates. I think it is the committee's opinion that the rates shall be reviewed by the Interstate Commerce Commission upon complaint.

Mr. EDMONDS. Oh, yes.

The CHAIRMAN. That is provided for in the law.

Mr. EDMONDS. That, of course, would cover anything in the United States, and that is all we have authority over.

Mr. SIMON. Of course. I believe Mr. Chindblom spoke about the transportation act, and I have had occasion to go into that pretty carefully with counsel, and I think it covers fully all radio stations in this country, whether they operate nationally or internationally, as being common carriers and coming under the Interstate Commerce Commission.

Mr. EDMONDS. That is correct. It does not have any effect on what rates may be made on the other side at all; but it makes any rate made on this side of the water subject to the review of the Interstate Commerce Commission.

Mr. SIMON. I have absolutely no objection nor any opposition to any proposed change of the act of last June which would limit the Navy's use of its station to press service at rates which might be reviewed by the Interstate Commerce Commission for international communication.

Mr. EDMONDS. The law says transportation to any place in the United States to or from any foreign country, but only in so far as such transportation or transmission takes place within the United States. That would mean a rate made here would be subject to review by the Interstate Commerce Commission, and I do not think we can extend the law any further than that.

Mr. SIMON. No; exactly. That is all I have to say.

(The hearings were thereupon closed.)

MSH 21998

Part 3

OPENING CERTAIN NAVAL RADIO STATIONS FOR THE DISSEMINATION OF PRESS MESSAGES

HEARINGS

BEFORE THE

SUBCOMMITTEE ON THE MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-SIXTH CONGRESS
THIRD SESSION

ON

H. J. RES. 409

PART 3

JANUARY 21, 1921

WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

SUBCOMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-SIXTH CONGRESS.

WALLACE H. WHITE, JR., Maine, *Chairman.*

FREDERICK W. ROWE, New York.
SHERMAN E. BURROUGHS, New Hampshire.
CARL R. CHINDBLOM, Illinois.
LADISLAS LAZARO, Louisiana.
WILLIAM B. BANKHEAD, Alabama.
EWIN L. DAVIS, Tennessee.

RENE G. DE TONNANCOUR, *Clerk.*

OPENING CERTAIN NAVAL RADIO STATIONS FOR THE DISSEMINATION OF PRESS MESSAGES.

SUBCOMMITTEE OF THE COMMITTEE ON
MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Friday, January 21, 1921.

The subcommittee met at 11 o'clock a. m., Hon. Wallace H. White, jr., presiding.

Mr. WHITE. I will ask the gentleman representing the Radio Corporation to proceed.

Mr. CHINDBLOM. Let the record show that practically the entire subcommittee is here.

STATEMENT OF MR. DAVID SARNOFF, COMMERCIAL MANAGER, RADIO CORPORATION OF AMERICA, 233 BROADWAY, NEW YORK CITY.

Mr. WHITE. Give the reporter your full name.

Mr. SARNOFF. David Sarnoff, commercial manager, Radio Corporation of America.

Mr. WHITE. And your address?

Mr. SARNOFF. 233 Broadway, New York City.

Mr. WHITE. We will be very glad to hear from you any suggestion you care to make about this matter.

Mr. SARNOFF. Mr. Chairman and gentlemen: First, I would like to explain the inability of our president, Mr. Nally, to respond to your invitation to be here this morning. Mr. Nally sailed for Europe yesterday and therefore can not be here. Mr. O. D. Young, the chairman of the board of directors of the Radio Corporation of America, has asked me to say to you gentlemen that while he is familiar with the policies and financial operations of the company, he is not familiar with its operations very intimately involved in this discussion.

Mr. CHINDBLOM. Is that the Mr. Young who is here to-day and who has been at these hearings?

Mr. BROWN. No; he is a representative of the press association, with the New York World.

Mr. SARNOFF. I refer to Mr. O. D. Young, vice president of the General Electric Co., and chairman of the board of directors of the Radio Corporation of America. In view of these circumstances the board of directors of the Radio Corporation has instructed me to appear before you in place of Mr. Nally or Mr. Young and to state the position of the Radio Corporation with respect to this matter. I am commercial manager of the company and also chairman of our technical committee which embraces the heads of all of the depart-

ments of our company, including technical affairs, and I am therefore familiar with the operations and work of our corporation. I have also had the privilege of appearing before this committee in the past on matters affecting radio communication, and so I feel somewhat at home.

Mr. CHINDBLOM. On those other occasions did you appear in behalf of the Radio Corporation of America?

Mr. SARNOFF. On those other occasions I appeared on behalf of the Marconi Wireless Telegraph Co. of America, the predecessor of the Radio Corporation of America, which took over the Marconi assets and business.

Mr. CHINDBLOM. Was that an American business?

Mr. SARNOFF. That was the American Marconi Co.

Mr. CHINDBLOM. Was that of American ownership?

Mr. SARNOFF. That company was of American ownership, although there was held in that company a substantial stock interest by the British Marconi Co., which interest was objectionable to the American Government, not because it was held by the British particularly, but because it desired a wholly American corporation. That was one of the reasons which led to the formation of the Radio Corporation of America, and the story of that situation is very comprehensively covered in a statement made on January 11 of this year before a subcommittee of the Senate Committee on Interstate Commerce, of which Senator Kellogg was chairman.

Mr. BANKHEAD. Who made that statement?

Mr. SARNOFF. The statement was made by Mr. Young, to whom I have referred.

Mr. CHINDBLOM. Is there now no foreign holdings in the American Radio Corporation?

Mr. SARNOFF. The set-up of the Radio Corporation of America is such that there can be no more than 20 per cent foreign holdings in the company, and that 20 per cent is definitely marked "foreign shares." So that the control is always held by Americans and the board of directors are entirely Americans. The two principal stockholders at the present time in the Radio Corporation of America are the General Electric Co. and the American Telegraph & Telephone Co.

Mr. BANKHEAD. Has that 20 per cent of stock been issued to foreign subscribers?

Mr. SARNOFF. I do not know that, but the details with respect to the stock organization are all covered in the statement to which I have referred.

Mr. CHINDBLOM. When was that statement made before the Senate committee?

Mr. SARNOFF. January 11, 1921, and it deals very fully with this whole subject of organization and the history of the company and matters relating thereto.

Mr. CHINDBLOM. It is a Senate hearing and we can get it, so that it is not necessary to go into that.

Mr. SARNOFF. I might say for the information of the committee that in the organization of the Radio Corporation of America the interest of the British Marconi Co. was eliminated, the General Electric Co. having acquired by outright purchase the previous stockholdings of the British Marconi Co. in America. You will also be interested to know that Admiral Bullard, the director of naval communications, sits on our board by invitation and attends our board meetings regularly, so as to keep the Government advised and to keep us advised of the situation.

Mr. DAVIS. You are an American citizen?

Mr. SARNOFF. Yes, sir; I am an American citizen. I have been connected with the radio art in its various branches for a period of something over 14 years, having been practically brought up in the business.

Now, if I may proceed to a discussion of the subject that interests us this morning, I would ask permission, first, to read into the record a very brief statement made by Mr. Young before the Senate Committee on Interstate Commerce on January 11, 1921, when he was asked by Senator Kellogg a question with respect to this matter. On page 644 of the stenographic record of the hearings referred to, there appears the following:

The CHAIRMAN. I wanted to ask you, Mr. Young, if we had the time, as to your views of the naval stations carrying press news. They are doing that to a limited extent when the Commerce Department certifies as to the inadequacy of other means of transmission or something of that kind.

Mr. YOUNG. Yes, sir.

The CHAIRMAN. I did not know whether you would have the time to explain your views on that subject to-night.

Mr. YOUNG. I think I can make a statement in a very few minutes to cover that subject, Mr. Chairman.

The CHAIRMAN. All right.

Mr. YOUNG. First, as to the facts, I will state my understanding of them. If I have a misunderstanding of the facts, then my conclusion may not be correct. I am not advised that there is any substantial lack of capacity to transmit press eastward across the Atlantic. Relatively a small amount goes. I am told by the press associations that that is because relatively a small amount will be used by the foreign press. As to the traffic westward, from Europe to the United States, it is largely a question of the sending capacity in Europe because, as I have earlier stated here, the expense of setting up a receiving station is relatively small. I think I would be safe in offering in behalf of the Radio Corporation, if our receiving capacity is not at present adequate to take everything which can be sent from Europe, whether press or otherwise, that we will create additional receiving stations adequate for this purpose. Therefore I think that the talk about press relates rather to the limitation of capacity on the part of Europe than on our capacity to receive. As to the application of the press associations to have the naval stations used, I can not help feeling that at bottom it is an application for cheaper service rather than for additional facilities. If it be an application for cheaper service and service at such a rate that private companies might not be able to profitably render it, then the application is the entering wedge for Government competition with private radio interests. We can not undertake to raise the enormous capital sums required to develop American radio communication if there is the slightest doubt as to the policy of the United States regarding competition by Government stations. The matter comes up in the very innocent form that there is want of capacity and that the Navy has it; that the emergency exists, and that to relieve the emergency the Navy should be used. If that was all, I sympathize with the application. If it is to meet an emergency and the Government has facilities and it is to be used for emergency only, to get over the emergency, I would not be the one to oppose it. I feel that it is really an application for services by a Government station which does not need to take account of cost.

Mr. CHINDBLOM. Mr. Sarnoff, right in this connection, I think it is fair to answer in the record that Mr. E. J. Young, representing the press in this matter, in statements to the committee and in a letter to myself, stated very fully and without reservation that it is not a matter of rates with the press, and in that connection I want to read

this paragraph from the letter which Mr. Young wrote to me. He says——

Mr. ROWE (interposing). Why not put it in at the end of his testimony?

Mr. CHINDBLOM. I want it at this point. He takes the position that it is a matter of rates, and I think we can certainly eliminate that question right now. In this letter Mr. Young says, writing from the office of the New York World, under date of January 10, 1921:

> At the New York conference the matter of rates was brought up, and I informed the radio officials that Mr. H——— and I had asked you to include in the new measure a provision which would make the naval wireless rates equal to those of the private companies. This satisfied the radio officials.

That is Mr. Young's statement. I might say that this letter is signed by Eugene J. Young, for the American publishers' committee on cable and radio communication. So that matter of rates, I think, is altogether eliminated, so far as they are concerned. They are willing that the rates shall be equal to those charged by private companies.

Mr. BANKHEAD. That excepts press messages as you have written the provision.

Mr. CHINDBLOM. When we came to consider the matter in the committee it was suggested that there was a situation on the Pacific coast which was really the beginning of this litigation, as to which we did not feel warranted at this time in making the change suggested in the law. But if this thing only is to run until June 5, 1922, and the newspapers have expressed their willingness so openly and freely to pay the same rates to the Navy which they pay to the private companies, I do not apprehend that the Navy is going to receive any less rates.

Mr. WHITE. Assume for the moment that this is not a question of rates and that the press people accurately reflect the attitude of the radio people toward this particular proposition. Then it becomes a question of policy, pure and simple.

Mr. CHINDBLOM. Yes, sir.

Mr. DAVIS. Mr. Sarnoff, in that connection, if the Navy got entirely out of the press business, what would be the probability of private radio concerns increasing the rates for press dispatches?

Mr. SARNOFF. I do not believe that it would have any effect on the situation. If I may be permitted, Mr. Chairman, I would like this morning to make a statement of the facts as they apply to the actual transmission and reception of press. I believe if I am given that opportunity that I shall perhaps anticipate a number of questions that might otherwise be asked. It is not my purpose to take issue with the press on the question of rates. If they sincerely feel that the handling of press by naval stations will not give them any financial benefit and that they will not seek such benefit, well and good. We may, however, perhaps be permitted to express our apprehensions in this matter, particularly since the gentlemen of the press raise objection to permitting the limitation of two years to remain in the original act of June 5, 1920. Until that objection was raised, no question of rates came up, except that we always took the position that whenever a Government station is to compete with a private enterprise that the rates charged by the Government shall not be any less than those charged by private enterprise. But when an attempt is made to extend that limitation and to put the Government stations into the business of private competition for an indefinite period, then it seems to me that the question of rates becomes a very important factor, and therefore I want to call your attention to it.

Mr. BANKHEAD. It is not proposed to be an indefinite period.

Mr. CHINDBLOM. It is not proposed to be indefinite. It is proposed to terminate it when you are able to give that particular service to the press.

Mr. SARNOFF. It is somewhat indefinite because the question of proper service is a question upon which the customer and the carrier do not very often agree.

Mr. CHINDBLOM. But in this case the Secretary of Commerce is to be cited for both parties.

Mr. SARNOFF. I have every confidence in the Secretary of Commerce; but, nevertheless, it does involve a question to be thrashed out in hearings when issues may be raised in order to require the company to meet the desires of the press in the matter of intelligence transmission. I may say to you gentlemen that after having spent a large number of years in the telegraph service I do not know of any company that has completely satisfied the press with regard to transmission of their news. It is the most difficult telegraph service to render in the world, far more difficult than the commercial service, for which three or four times the rates are charged. I do not blame the press for demanding a high degree of service, because they must get their messages on time. Nevertheless, it is a subject upon which a number of opinions will vary.

So, if I may continue, Mr. Chairman, an outline of the facts of the situation, I would like to give Mr. Young, of the World, as Mr. Chindblom has, the full benefit of all that he has said on this subject, for he spoke with fair assurance. My attention has been called to a statement by Mr. Young, of the New York World, which reads:

> Our idea is not to change the existing system which the committee and Congress have decided is the proper way to handle the Government wires. We are perfectly willing to leave it to the Department of Commerce to decide when private facilities are sufficient, and are perfectly willing to leave to the committee just what kind of a law should be passed. We think an amendment to the existing law is probably the best way, and all we want is assurance for one year, or about a year, that we can have the use of the naval wireless to help out the private concerns, so as to give us the added facilities. And we have suggested that some provision be made whereby the rates shall be fixed, so that we are not undertaking to do anything at the expense of the Government. The Government can get the rates provided for by private companies, and we are perfectly willing to pay those rates to the Government and let them have whatever profit there is to be made out of it.

Mr. CHINDBLOM. Where do you read that from?

Mr. SARNOFF. The record of the hearings held before the Committee on the Merchant Marine and Fisheries, January 6, 1921.

Mr. CHINDBLOM. That is the hearing we had here?

Mr. SARNOFF. Yes, sir. It is on page 77 of the printed record, hearings before this committee, on H. J. Res. 409, part 2. I quote the above for the reason that Mr. Young has made it very clear in the statement referred to that the press is anxious to obtain temporary relief for a period of one year, whereas, if I am correctly informed, the press now raises objection to permitting a limitation of

two years to remain in the original act of June 5, 1920. But I understand that is their purpose.

Mr. BROWN. In effect, we think that is their purpose, and the correspondence shows it; the correspondence with Mr. Pierson tends to substantiate that fact.

Mr. SARNOFF. Now, in regard to the actual facts of the situation as to whether or not an emergency really does exist, I should like to divide the transmission of press into two parts, namely, press from Europe to the United States, which I shall refer to as westbound press; and press from the United States to Europe, which I shall refer to as eastbound press. With respect to the first, namely, press from Europe to the United States, we are at the present time—that is, the Radio Corporation of America—handling a very substantial amount of press through its stations which communicate between the United States and Norway, Great Britain, Germany, and France, and no complaint has been lodged with us that we were not able to receive as much press as has been offered to us by the stations in Europe. Just how substantial that amount of press being handled by us is at the present time, and its relation to the remainder of the commercial part of our business, I shall be glad to read into the record from the statement that was prepared covering the total traffic handled by the Radio Corporation over the circuits mentioned during the month of December, 1920. In the case of Great Britain the volume of press matter received by our station in the United States from Great Britain represents 19 per cent of the total traffic handled by that circuit. In the reverse direction, from the United States to Great Britain, the volume of press represents 11 per cent of the total traffic handled.

Mr. CHINDBLOM. Do you know whether or not in that month the Navy handled any press business from the United States to Europe?

Mr. SARNOFF. Not to Great Britain.

Mr. CHINDBLOM. None to Great Britain?

Mr. SARNOFF. None to Great Britain by the Navy. The Radio Corporation is the only company which handles that commercial radio service to Great Britain for the press.

Mr. CHINDBLOM. Is there any other radio company in America that communicates directly with Great Britain except the Radio Corporation?

Mr. SARNOFF. No, sir; not at this time. In the case of the Norwegian circuit practically no press has been handled because none has been offered. In the case of Germany the volume of business handled from Germany to the United States—press business—represents 30 per cent of the total traffic handled over that circuit during the month. In the other direction the volume of press to Germany represents 8 per cent. In the case of France, where the circuit was opened December 15, we handled during the remaining half of the month press from France to the United States in an amount representing 50 per cent of the total traffic on that circuit. In the reverse direction from the United States to France the volume of traffic handled by us represented 10 per cent.

Mr. CHINDBLOM. Did the Navy handle any business between the United States and France with reference to press messages during that same period?

Mr. SARNOFF. I believe the Navy did, because the Radio Corporation only took over the French circuit on the 15th of December and prior to that the Navy handled it.

Mr. CHINDBLOM. Did you get notice from the Secretary of Commerce or the Secretary of the Navy on or about December 15 that you were to handle the press business at that time?

Mr. SARNOFF. I do not believe we received that kind of notice, but we were in touch with the Navy Department and the Department of Commerce and notified them of the date when we were prepared to take over the French circuit.

Mr. CHINDBLOM. Well, they told you to take it over, did they not?

Mr. SARNOFF. Yes, sir.

Mr. CHINDBLOM. Was there any special reference made to press messages at that time, or was it in reference to commercial messages as a whole?

Mr. SARNOFF. I do not believe any special reference was made to the press. That has been the custom during the year 1920, or since March 1, 1920, when the private circuits were returned by the Government. Just as soon as our stations were ready to handle the business the departments were notified and arrangements were made to take over communications by private companies.

Mr. CHINDBLOM. When did you begin service in Germany?

Mr. WINTERBOTTOM. In August, 1920.

Mr. CHINDBLOM. Did the Navy handle some of the press service between Germany and the United States during the period in August, at the time you took the service over, until the end of the year?

Mr. WINTERBOTTOM. No, sir. The day the service was taken over by the Radio Corporation, with the full agreement of the Navy, was the day on which the Navy Department ceased to render any kind of service.

Mr. SARNOFF. That same statement applies to any other circuit that was taken over by the Radio Corporation.

Mr. CHINDBLOM. So far as you know, then, the Navy Department has not rendered any service to the present time to any of these countries except France, since about the middle of August last year?

Mr. SARNOFF. That is substantially true.

Mr. CHINDBLOM. Is that correct, Mr. Winterbottom?

Mr. WINTERBOTTOM. Yes; if the date is August, I believe it is, Mr. Chindblom. The Navy Department since that time has been rendering only a commercial service with France, both for commercial messages and also for press messages. About December 15 they notified the French stations that they would cease work and that the Radio Corporation would take over the service. They ceased handling every class of traffic with France.

Mr. CHINDBLOM. It appears from your figures that the greatest class of press messages come to this country from France.

Mr. SARNOFF. That is during the past half month, but there is a very large press coming to this country from Germany.

Mr. BANKHEAD. Are you conducting any stations on the Pacific for oriental traffic?

Mr. SARNOFF. Yes, sir.

Mr. BANKEAD. How many?

Mr. SARNOFF. We have a station at San Francisco which communicates with Hawaii and the Hawaiian station communicates with the Japanese Government station at Funabashi, Japan.

Mr. BANKHEAD. That is the only one you operate?

Mr. SARNOFF. We operate a transmitting and receiving station in California, and we operate a transmitting and receiving station in Hawaii.

Mr. BANKHEAD. What is the situation on the Pacific coast with reference to facilities for press messages at the present time?

Mr. SARNOFF. The facilities on the Pacific coast at the present time are, first, the cable which handles press, and then our station which handles press; and then there are the naval radio stations which are still handling press on the Pacific coast.

Mr. BANKHEAD. Is there much congestion, considering those facilities for the handling of press messages?

Mr. SARNOFF. I do not believe there is.

Mr. BANKHEAD. The reason I am asking these questions is this: We had last session some hearings and a good many complaints about the inadequacy of the service in that connection.

Mr. SARNOFF. Yes, sir. I appreciate your question, and I think the Pacific coast, which is somewhat in a different class from the Atlantic coast, is nevertheless a pretty good example of what one may be led to believe when pressure is exerted on this communication question. We all had the notion last year that there was tremendous congestion on the Pacific coast, and yet to-day I know that the facilities existing for communication on the Pacific coast are not even taxed to their capacity, privately owned as well as Government radio stations.

Mr. CHINDBLOM. When you say facilities on the Pacific coast do you refer to radio facilities or to cable facilities?

Mr. SARNOFF. I refer to both.

Mr. CHINDBLOM. Well, the press may, for reasons of its own, prefer the radio to the cable service. Would your statement apply with reference to the radio service? Do you say that the radio service is not taxed to its full capacity at the present time?

Mr. SARNOFF. I include the entire Pacific coast communications, but my impression is that the radio facilities as well as the cable facilities still have capacity to spare on the Pacific coast, although I might qualify that statement with this limitation, namely, the ability of the Japanese Government to give service on the Pacific coast, and that feature I will also refer to later when I take my discussion across the Atlantic. The Japanese Government only renders a limited service to our stations, only a few hours a day, so our capacity in radio is limited by the service rendered in Japan. It applies with equal force to the stations on the other side of the Atlantic. In other words, it does not matter how much you legislate here in the way of giving the press or anyone else the right to use naval stations, you can not help the situation at all if, on the other side, corresponding facilities are not provided to make use of these additional facilities provided on this side and those corresponding facilities on the other side do not exist at the present time.

Mr. CHINDBLOM. The press people say that if they can make a contract on this side for a year which will give them adequate service, they can take that contract to the other side and make arrangements which are beneficial to them.

Mr. SARNOFF. They may be right in that statement. I do not know in what particular way they expect to derive their benefit from that contract. But that does not change the physical limitation because where one station exists, two do not grow, even if they have a contract. The only way they could get preferential treatment is by having the present European stations, which are already taxed to capacity, divert their transmissions to the naval stations in the United States, thereby rendering idle and useless the private stations provided on this end and which take up completely the facilities of the stations on the other end.

Mr. DAVIS. If these press associations or newspapers were able to offer a sufficient amount of business they could doubtless succeed in having additional facilities provided over there that those parties would not be willing to provide on an uncertainty.

Mr. SARNOFF. But the same holds true with respect to this side. If the press will come forward with a definite contract providing for a definite amount of press which will be profitable for commercial enterprise to handle, which will be in a regular form, so that they will send it every day, so that they can send it at a certain time, I know the Radio Corporation would be glad to consider it. We have not been offered any definite amount of business by the press or any contract. They simply desire to obtain facilities which will guarantee them service wherever and whenever they want it, without obligating themselves to provide a definite amount of business in return.

Mr. CHINDBLOM. Do you require commercial institutions to make you any guaranty as to the amount of business they will give you?

Mr. SARNOFF. No, sir. Commercial institutions are not complaining. They are not asking for naval stations.

Mr. DAVIS. The newspaper fraternity complains that you have not adequate facilities to handle their business properly.

Mr. SARNOFF. I will present documents which are unsolicited and which will prove to the contrary. What we have handled we have handled with expedition, and we have handled in the best way we could. It is true that we have not gone after press business to a greater degree than we felt we could adequately handle it. I think that the circumstances in connection with all this press matter change from day to day. Certain circumstances which were true two months ago are not true to-day.

Now, if I may again be permitted to continue my statement, I will touch on this phase of the subject.

Mr. BANKHEAD. Mr. Chairman, we have gone over the ground that has been covered heretofore, in a measure. I would like to get down to your understanding, Mr. Sarnoff, of this proposed amendment, and what objection, if any, you have to it, and what changes you suggest. I do not want to cut you off from the privilege of making a full statement.

Mr. WHITE. How long will it take you to conclude, Mr. Sarnoff?

Mr. SARNOFF. I think I can cover all I want to say in 10 minutes.

Mr. WHITE. Then, do not let us ask any questions until he concludes.

Mr. SARNOFF. I will be glad to answer any questions on which I have the information. Now, summing up all that I have said with

regard to the press coming from the other side, I think it is a fair statement—and I have checked it with gentlemen of the press as well as of the telegraph service—that, roughly speaking, all the press transmitted across the Atlantic in either direction can be divided as follows: Westward press, approximately 90 per cent; eastward press, approximately 10 per cent. Consequently, whatever contentions or opinions may exist with respect to this subject fall, it seems to me, so far as westward press is concerned, when we come forward and say to you that we are at present handling all of the press that is offered us by European stations, but we are willing and able to provide whatever additional facilities may be required to handle as much press as any European station capable of transmitting signals over to the United States which can be read here is in a position to give us. In other words, if all this 90 per cent of press coming from the other side is to be offered to the Radio Corporation of America, the Radio Corporation stands ready to accept all this 90 per cent or whatever other amount may be offered. So our discussion narrows down to a discussion of the remaining 10 per cent, which applies to press bound east from the United States to Europe, or, as I have previously referred to it, the eastward press.

With respect to this class of press, if the contention be that facilities are inadequate, I submit the following for your consideration: First, the volume of press which we are at the present time handling through our stations, as recited in the opening part of my statement. Secondly, that there are more facilities for handling press between the United States and Europe over cables to-day than are being taxed. My information is that the cables across the Atlantic, which total 17 between North America and Europe, are idle for a good part of the time. But there is no reason why these cable companies can not handle a larger volume of press eastward if they are offered a larger volume of press. In addition to this fact, the Radio Corporation has opened service with France via the Tuckerton (N. J.) station, which opened only three days ago and which was formerly owned by foreigners, but was acquired and is now owned by the Radio Corporation. Our service from this station to France is very satisfactory, and our capacity will therefore be increased. Our opinion and our hope is that we will be able to handle through this station a much greater volume of traffic than we are handling at the present time.

In addition to the Tuckerton station, we are building a mammoth station at Long Island, about which you have probably heard and to which your attention has probably been directed heretofore. But that station, which when completed will cost approximately $10,000,000, and which comprises 10 square miles of land, which we have had to purchase in Long Island for a price exceeding a half million dollars, and where we propose to erect 72 towers, each 400 feet high, will be capable of communicating with the principal countries of Europe, as well as the countries in South America—that station will have its first section ready for commercial operation, we expect, July 1 of the present year, thereby giving us increased facilities again.

I shall be very much surprised if, with the decrease in the volume of cable communication as a result of the decreased business between the United States and Europe, and with the additional facilities in radio to which I have referred, and with the very limited quantity of press which is offered for transmission from the United States

to Europe, there should be just cause for serious complaint on the part of the press on account of inadequacy of service in the future.

But before I proceed to our view of the amendment and the proposed legislation, I should like to suggest, if I may, at this juncture, to settle any questions which may exist in the minds of the gentlemen present as to facts of the situation——

Mr. DAVIS (interposing). What is the present investment in your company, in radio stations and apparatus?

Mr. SARNOFF. That will be found in the statement of Mr. Young, to which I have referred.

Mr. WHITE. Could you approximate it?

Mr. BANKHEAD. Point of order. Your 10 minutes are not up yet. We agreed to give you 10 minutes without asking any questions.

Mr. SARNOFF. I am responsible for that interruption, because I would like to settle the operating questions at this point, if I may do so. We have invested in physical assets, regardless of patents, good will, and other valuable considerations, something over $11,000,000 in plant and equipment.

Mr. DAVIS. What territory does that cover besides the Atlantic station, the San Francisco station, and the Hawaiian station which you have mentioned?

Mr. SARNOFF. Our high-power stations are located at Belmar, N. J.; New Brunswick, N. J.; Tuckerton, N. J.; Marion and Chatham, Mass.; Marshall and Bolinas, Calif., and Kohuku and Koko Head, Hawaii. In addition to those stations, all of which are now in operation and rendering service to Norway, Great Britain, France, Germany, Hawaii, and Japan we are building this station on Long Island which we refer to as the "Radio Central," the largest station in the world. We also have a receiving station in Buenos Aires of an experimental nature, where we are getting ready to build our big station for communication to the United States and South America.

Mr. CHINDBLOM. Is that the only station you have in South America at present?

Mr. SARNOFF. That is the only station we have in South America now, but we are in negotiation for concessions or other arrangements in other countries of South America.

Mr. DAVIS. What is the present paid-up capital stock of your company?

Mr. SARNOFF. I believe it is in the neighborhood of $15,000,000.

Mr. DAVIS. Does that include the amount paid for the patents, franchises, and things of that kind?

Mr. SARNOFF. No, sir. We have preferred stock and common stock. The stock issue of the company is 5,000,000 shares preferred stock having a par value of $5 each, and 5,000,000 shares of common stock without a par value, the preferred stock covering the assets to which I have referred and cash, and the common stock covering patent rights and other valuable considerations. But, as I said before, the entire set-up and its financial arrangements are set forth in Mr. Young's statement much better, I think, than I could set them forth.

Mr. CHINDBLOM. The common stock, I assume, is not to be offered to the market?

Mr. SARNOFF. I do not believe so.

Mr. CHINDBLOM. You spoke of the cable service. Does the cable render as good service for the purpose of the press as radio?

Mr. SARNOFF. I should think that they do. I think in some respects they are able to offer better service than radio, just in the present state of the radio art.

Mr. CHINDBLOM. Is the time of transmission on the cable shorter or longer than by radio?

Mr. SARNOFF. The actual, physical transmission should not be different, but the opportunities for getting the press over the cables are better at present than they are over the radio, on account of the fact that radio still suffers from "static" or atmospheric difficulties, and it is sometimes difficult for us to say when we will deliver a message with certainty, whereas the cable can do so.

Mr. DAVIS. The cost of cable service is considerably in excess of the radio, is it not?

Mr. SARNOFF. Not always.

Mr. WHITE. But the press is not interested in the matter of cost.

Mr. CHINDBLOM. That is not a fair statement. They are willing to pay the Navy what they have to pay the radio service.

Mr. WHITE. I withdraw the statement.

Mr. WINTERBOTTOM. The season that the cables handle so many times the volume of press messages—perhaps, on an average they may handle it much quicker than radio—is the fact that there are 17 channels to France and Great Britain, all of which will permit simultaneously 17 press messages to be sent to the United States, whereas there are only four possible radio services, each of which can only send at one time one message.

Mr. CHINDBLOM. So that if there is any advantage in sending press messages by radio, you can not give the same service or as good service by radio as you can by cable?

Mr. WINTERBOTTOM. We have by no means the number of channels that the cable companies have.

Mr. SARNOFF. We can not in the present state of the art guarantee as good service to the press with radio as with cable.

Mr. DAVIS. Generally speaking, is it not a fact that the cost of the cables between some localities is considerably larger than the radio charge?

Mr. WINTERBOTTOM. The cable rates between New York City and Great Britain by Western Union are 5 cents and 7 cents per word, according to the class of press service desired. The press rate by radio from New York City to Great Britain is also 5 cents per word. There is very little difference. The press rate for cable to France is 10 cents and by radio 10 cents per word.

Mr. WHITE. Now, do you want to go on and discuss the specific amendments that are before the committee?

Mr. SARNOFF. Yes, sir; if I may.

Mr. WHITE. Proceed.

Mr. SARNOFF. With respect to the specific amendment, I want to——

Mr. BANKHEAD (interposing). It is a quarter to 12, Mr. Chairman. We will have to expedite if we are to get through.

Mr. WHITE. I will not interrupt him if the rest will agree to it.

Mr. BANKHEAD. I just want the witness to know what our time limit it.

Mr. DAVIS. With regard to the questions, I want to respectfully submit that the members of this committee have a right to elicit information other than that which the witness sees fit to proffer. I do not think I have trespassed upon that.

Mr. WHITE. I do not think you have.

Mr. DAVIS. As was suggested by Mr. Bankhead this morning, the purpose of this conference is to get the views of these gentlemen on the subject.

Mr. CHINDBLOM. Do you now appear opposing altogether any legislation at this time?

Mr. SARNOFF. No, sir; I do not. If I have trespassed on the committee's time, I am sorry.

Mr. BANKHEAD. Oh, no; I do not mean to leave that implication, Mr. Sarnoff, but you know the House meets at 12 o'clock and we had hoped we would be able to reach an agreement on this legislation to-day.

Mr. SARNOFF. I think I can perhaps answer your questions or what you have in mind without taking up too much time, and then if there are any questions left I will be glad to answer them. The Radio Corporation of America desires to express itself very frankly on this proposition: First, it is sympathetic with the press and wants to help in every way that it can, but when the original law of June 5, 1920, was discussed and we were asked and urged to agree to its terms we had some hesitation at that time; we felt that it was a compromise; made, because of the circumstances then existing, but we believed that after that act became a law that that would represent all the compromises to be made, certainly during the existence of the present Congress. We also felt that that act represented the policy of our Government with respect to radio communication, namely, that the Government would not enter into radio operations, either by competition or in the form of Government ownership. It was on that belief that the Radio Corporation proceeded to carry out its program, which is large and which involves a great deal of money. At the present time it is apprehensive that an amendment passed in a form which would leave open to doubt the right of Government stations to compete with private stations, that such legislation might have a disastrous effect upon the program of this company, which is required to invest additional capital in order to carry out its program of building additional stations, and might in fact retard the development of the radio art as a whole.

If in any amendment that the committee has in mind the question of Government ownership or the question of Government competition, which is even more difficult than Government ownership, because you know where you stand with Government ownership, but you do not know where you stand with Government competition—I say that if in any amendment that this committee has in mind the door to Government ownership and compensation is so securely locked that there can be no question about the matter or any question as to when the rights of the Government cease to handle press messages or any other messages in competition with private enterprise, then the Radio Corporation has no objection to any such amendment, and has no objection to naval stations being given the right to use such

stations for press messages between the dates of June 5, 1920, and June 5, 1922, after which date it was contemplated that Government competition should cease. This is the position the Radio Corporation officials have taken in discussing the matter with the press, and it is upon that position that I now stand, and I am empowered to authoritatively commit the Radio Corporation to that program.

Now, any other program which would leave uncertain the terminating date when the Government stations must cease to handle private business is a program which the Radio Corporation must oppose in the interest of radio as well as in the interest of its stockholders and in the interest of the public as well.

Mr. BANKHEAD. Now, we do not propose to do that, so what is the use of discussing it?

Mr. CHINDBLOM. Is there anything in the amendment now before you, which was handed to you this morning by me, which militates against the position which you have just taken?

Mr. SARNOFF. Mr. Chindblom, I should say in all fairness that this amendment is one which I had not seen until this morning. I am not a lawyer myself and I do not know the possible meaning of these words or their effect, but if you are satisfied and if this committee is satisfied that this amendment meets the specifications which I have just recited, the Radio Corporation has no objection to it.

Mr. CHINDBLOM. Well, this amendment positively terminates all use of naval stations for the sending of any commercial messages, including press messages, after June 5, 1922.

Mr. SARNOFF. Well, that is the particular thing that we would like to have brought about. You have evidently got it in your amendment, so we are satisfied with that part of it. Now, as to the rest of it, I notice no mention is made of the rates at which press messages may be transmitted. Purely as a business man and not as a lawyer, it would seem to me that if between now and June 5, 1922, the Radio Corporation or any other private enterprise should be in a position to handle that press, that it would not be fair, even prior to June 5, 1922, to permit a Government station to compete with such private enterprise.

Mr. DAVIS. They will have to get out entirely when it is shown to the satisfaction of the Secretary of Commerce that you are able to carry the business.

Mr. CHINDBLOM. You are now directing your observations to the rates?

Mr. SARNOFF. I consider, in the first place, that press is a legitimate part of private enterprise. We do not look upon the press as an illegitimate child. We would like to handle all that we can get, too. My statement of facts was intended to leave the impression that this emergency which the press claims exists is not viewed as an emergency by the Radio Corporation; secondly, we do not want to object to the Government furnishing such facilities as we ourselves can not furnish, thus meeting even the view of the press. But as soon as we are in a position to offer services, adequate to meet even the point of view of the press, then it seems to me there is no longer any justification for Government stations to handle press,

whether that be prior to June 5, 1922, or after that date. I might also add that even this amendment, as you have drafted it, if it becomes a law immediately, puts the Navy Department in the position of competing with the Radio Corporation with respect to such press business as we are handling over the circuits, which it is now doing, and we would suffer a loss thereby.

Mr. ROWE. Now, I had not thought of it at all, but it seems that they have taken over the entire work of England, France, and Germany to-day. Does this reopen the matter?

Mr. CHINDBLOM. It always did. It always left that matter open. The law is no different now from what it was. Mr. Chamberlin, of the Department of Commerce, stated here very clearly that it was their view that if, during this period between this time and June 5, 1922, the private companies are unable to handle any business, they viewed the matter——

Mr. SARNOFF (interposing). But at the present time we are handling large quantities of press, and if this amendment becomes a law then there is nothing to prevent the press from employing the naval stations to handle the business that we are now handling. In order that we may prevent that loss of business it then becomes necessary for us to hold hearings before the Secretary of Commerce, and bring the whole question before the Secretary of Commerce, so that in this respect this amendment does weaken our structure.

Mr. WHITE. It may tie you up in any event for a year.

Mr. CHINDBLOM. We understand that you are not asking for this legislation. We understand further that if it benefits anybody, it benefits the press. They are complaining. It appears very clearly this morning from your own testimony that neither you nor the Department of Commerce have considered the press service separate from all other commercial business with reference to your ability to handle it.

Mr. SARNOFF. But why should you consider it separate from all other business?

Mr. CHINDBLOM. Because the law of June 5, 1920, said it should be done. It expressly differentiates between press messages and all other commercial business, and then in determining whether the privately owned radio facilities were sufficient to handle business it should have been ascertained whether they were able to handle press messages, not merely as a part of commercial business generally, as press messages were separated from commercial messages purposely, deliberately, by this committee and by Congress in the act of June 5, 1920.

Mr. SARNOFF. They were not separated in cable transmission.

Mr. CHINDBLOM. We did not legislate on cable transmission. We passed this act June 5, 1920, for certain purposes and those purposes should be carried out. One of those purposes was that the question of the ability of private radio service to handle press messages should be considered separately.

Mr. SARNOFF. We are not objecting to passing a law in this way. I say if your amendment does not extend the powers of the original law, we have no objection to it.

Mr. WHITE. Of course it does. Otherwise there would be no purpose in introducing it.

Mr. CHINDBLOM. It extends the original law as to the matter of notice and as to the matter of hearings.

Mr. WHITE. In other words, this act, instead of leaving you the right to go to the Secretary of Commerce and demonstrate that to-morrow you are able to meet the press service, and then giving the right to the Secretary to say to the Navy Department that they must step out and that private enterprise may come in—instead of doing that it gives the right to the press assocations to go to the Navy Department and make the contract for a year's service with the naval radio station, without any regard as to whether in a year's time private enterprise may be able to meet that service, and when they have done that you postpone any judgment of the Secretary of Commerce for at least a year's time.

Mr. CHINDBLOM. That is precisely what the representatives of the radio people agreed to in the New York conference, and they stopped at going beyond June 5, 1922.

Mr. WHITE. Is there anything further you want to say, Mr. Sarnoff?

Mr. SARNOFF. No, sir.

Mr. WHITE. Mr. Brown, do you want to make a statement?

Mr. BROWN. I do not think it is necessary, Mr. Chairman. Mr. Sarnoff has covered the facts.

Mr. WHITE. Will you give your name and address and your official position?

Mr. BROWN. William Brown, assistant to the president of the Radio Corporation.

Mr. CHINDBLOM. There were some remarks made by another gentleman here and we did not get his name.

Mr. WINTERBOTTOM. My name is W. A. Winterbottom.

Mr. CHINDBLOM. What is your occupation?

Mr. WINTERBOTTOM. Traffic manager, Radio Corporation of America.

Mr. CHINDBLOM. And your address would be the same as Mr. Sarnoff's?

Mr. WINTERBOTTOM. Yes, sir.

Mr. BROWN. I do not care to make any statement other than to emphasize that we have depended on the 2-year limitation of the present act. We had not regarded it as threatened until Mr. E. J. Young, of the New York World, in the conference at New York stated the press desired an arrangement that would enable the making of contracts for handling press messages to run "from year to year." It was such statement that ended the negotiations with the press representatives. We had discussed an amendment providing for termination of the use of Navy stations upon six months' notice from the Secretary of Commerce, but not to be operative until the expiration of one year, and without change of the present 2-year limit. Upon the proposed amendment being submitted to Mr. O. D. Young, chairman of the board of the Radio Corporation, he suggested that the situation might be materially simplified by eliminating all reference both to the 1-year term and the six months' notice by authorizing use of the Navy stations for press messages right through to the end of the present 2-year term, thereby giving the press the benefit of such use for about 18 months more instead of probably only one year, but that this company should place itself

on record in no unmistakable way as opposed to any further extension either now or hereafter. Our investors have relied on two years from June 5, 1920, as the absolute limit to Government competition, and we insist that to now remove or extend such limit would be little short of a breach of faith toward them. We therefore urge that it be preserved in any amendment which may be made. We are fearful of both compromises and complications. The present law is the outgrowth of compromises. If at the time of its passage there had been no compromise we would not be in jeopardy to-day. The very simple amendment I submitted last week is comparatively free of both compromises and complications and I think will amply serve the desired purpose.

Mr. DAVIS. Would you be willing to amend the bill so as to permit the Navy to continue this business without condition until June 5, 1922?

Mr. BROWN. I think Mr. Sarnoff, perhaps, has covered that point. His proposition amounts to the same thing.

Mr. SARNOFF. Subject, however, to the question of rates; that is, that the Navy shall not charge less than the rate charged by privately owned corporations for the same service.

Mr. BROWN. That was embraced in the amendment I referred to, which was submitted a week ago.

Mr. SARNOFF. But it was not submitted in the amendment offered by Mr. Chindblom.

Mr. CHINDBLOM. The reason for that was that it was eliminated by the committee.

Mr. DAVIS. In other words, you are willing to eliminate the question of notice to the Secretary of Commerce and notice by him to the Secretary of the Navy or any hearing or anything of that kind, and simply strike out the intervening matter and permit the Navy to continue the commercial business until June 5, 1922, with the further proviso that the rate shall not be less than the rate charged by private companies?

Mr. SARNOFF. By commercial business, of course, you mean press? You do not mean any other class of commercial business?

Mr. DAVIS. Yes.

Mr. CHINDBLOM. Look at the top line of the draft you had this morning. In the first draft I struck out the words, "commercial messages other than press," and substituted in lieu thereof the words "all such."

Mr. DAVIS. Would you be willing to insert the words, "other than press messages between the Pacific coast and the Orient"?

Mr. SARNOFF. I do not see why we should do that.

Mr. WHITE. Tell us about the radio rates on the Pacific coast, Mr. Brown.

Mr. SARNOFF. Between the United States and Hawaii the press rate by the Navy is 4 cents a word; the press rate by the Radio Corporation is 5 cents a word, so that they are 1 cent cheaper than we are. Between Hawaii and Japan and between New York and Japan, what is the rate, Mr. Winterbottom?

Mr. WINTERBOTTOM. Between New York and Japan we do not compete with the Navy. The Navy has no radio service. Our press rate is 44 cents, as against the cable rate of 45 cents.

Mr. WHITE. Your contention is that if the Navy is to be permitted to transmit these press messages with its facilities it ought not to be at a less rate than private companies charge. That is, you think the same provision, that the rate by the Navy Department should not be less than the rate by private companies for commercial messages, should also apply to press messages?

Mr. SARNOFF. Exactly; although I do not understand that the Navy Department is at present handling commercial messages other than press.

Mr. BROWN. No; there would not be any commercial business handled.

Mr. SARNOFF. I agree with your statement.

Mr. CHINDBLOM. The only difference seems to be on the Pacific coast, in the Navy rate between San Francisco and Hawaii. There is a difference of 1 cent a word. Now, does that rate affect the press on the Pacific coast?

Mr. WINTERBOTTOM. The effect of that is that the Navy is handling between the United States and Hawaii about 99 per cent of the press.

Mr. CHINDBLOM. Do you take it up there and forward it to Japan?

Mr. WINTERBOTTOM. No, sir. Our Japanese press service is collected in California and sent through to Japan via Hawaii.

Mr. CHINDBLOM. Then the press is not able to send any messages through to Japan by the Navy?

Mr. WINTERBOTTOM. No, sir. The Navy service terminates at Guam.

Mr. WHITE. Was that rate of 4 cents by the Navy originally fixed or has it been reduced?

Mr. WINTERBOTTOM. It has recently been increased from 3 cents to 4 cents. I do not know why. The Western Union increased it in California. Our rate to Hawaii has never been less than 5 cents a word for press messages. So that when the Navy took over the press service during the war, we have not sent any press since that time. They have handled it all.

Mr. CHINDBLOM. The committee took the view that Hawaii is almost a part of the United States. It is one of our possessions.

Mr. BROWN. That is why we would like to serve them.

Mr. SARNOFF. We are not here to complain about that reduction in press rates in this case except to emphasize that where the Government is not prevented from charging a lower rate than the rate charged by a private company the result might be what it is between the United States and Hawaii.

Mr. DAVIS. If you gentlemen desire to increase your rates, what would stand in the way of your doing so—anything except simply the policy of the company?

Mr. DAVIS. The representatives of the newspapers insisted that if they were compelled to pay any substantial increase in rates at all, it would mean an elimination of that service because it would not pay and they would have to eliminate it between the Orient and the Pacific coast.

Mr. WHITE. Of course, there is a general provision of law that the rates are subject to control by the Interstate Commerce Commission if the commission chooses to act, but I assume you would not want the suggestion that either the Navy Department or private companies should be required to cary any sort of message, press message, or any other message at a loss?

Mr. DAVIS. No; I do not think so; but if they can not carry it at a rate for which it ought to be carried, under existing conditions and at this time, the original purpose of this act was to permit the newspapers and the press associations to continue that service in the Orient during the period of this resolution.

Mr. ROWE. How do messages go now that go to China and reach there from New York or from San Francisco?

Mr. WINTERBOTTOM. The messages from the United States to China or Japan go by the Commercial Pacific cable, which runs from San Francisco to Honolulu, to Midway, Guam, Manila, and to Japan or China, in whichever direction the messages go. That cable is forked at our end, one to China and one to Japan, and carries the bulk of our press and commercial messages across the Pacific. The radio naval service goes as far as Guam because the Navy has a station there. It also serves Hawaii. It competes with the Radio Corporation to Hawaii for press traffic, as Mr. Sarnoff has indicated.

Mr. ROWE. Do you know what the rate is by cable to China or Japan by way of San Francisco?

Mr. WINTERBOTTOM. Yes, sir; the rate from San Francisco to Japan by cable is 92 cents per word for commercial traffic and approximately one-third of that for press. The press always gets a very substantial reduction.

Mr. DAVIS. They said that the cable prices were prohibitory. Now, suppose this applies here equally with regard to that service there, and if this company should decide that they could not carry messages at 4 or 5 cents a word and should run it up to 10 cents a word, the Navy would be compelled to do the same thing, if we make no exception; and according to the statements of representatives of the press that would amount to prohibition, so that our news service between here and the Orient would thereupon terminate. Now, I realize that this concession exists only until June 5, 1922, but it is entirely possible that between now and then the service may reach a state, or the business may reach a volume, by which either newspapers could afford to pay more or the companies could afford to carry it for a less rate than they can now. They simply desire to preserve that press service temporarily.

Mr. ROWE. What I would like to know is this: This bill was originally talked of in connection with the Pacific coast, and then the newspapers said that if we gave them this right they could send messages to China by way of Cavite. You say they are not doing it at all?

Mr. WINTERBOTTOM. They are broadcasting messages from Cavite to China and Japan which are capable of being received by anyone who has a receiving station.

Mr. ROWE. Now, if that is sent out from this country and such service is given from Cavite, what is the charge on the wire?

Mr. WINTERBOTTOM. I believe the United States tariff is 6 cents a word to the terminus of their system at Cavite in the Philippines. That is for press.

Mr. ROWE. So that that purpose is possible to-day, and it is being carried out by the Navy?

Mr. WINTERBOTTOM. Yes, sir.

Mr. DAVIS. Now, in view of that situation, gentlemen, so as to leave it on the Atlantic seaboard, and if the charges for the Navy were not less than the charges by private companies for like service, assuming that would be carried out, what would be the objection during the period of this act, at the top of the second page, to make it read, "that the rates fixed for transmission of such commercial business other than press messages between the Pacific coast and the Orient shall not be less than the rates charged," etc.?

Mr. WHITE. We had some language drafted substantially like that in the original proposition.

Mr. SARNOFF. I think that is all right.

Mr. BROWN. Why could you not use the suggestion I made, to eliminate all complications entirely, by simply putting in that exception in favor of the Pacific coast press matter in this simpler form of amendment, which eliminates all question of notice?

Mr. DAVIS. In other words, if you gentlemen do not intend to take over transmission of press messages before June 5, 1922, what is the necessity of all this language in the amendment?

Mr. SARNOFF. We are handling a certain volume of business now, press business, and we may be able to do even more before that date.

Mr. DAVIS. But still, under the original act, you can not get the Navy out entirely until you have demonstrated to the Secretary of Commerce that you are capable of meeting all their requirements?

Mr. SARNOFF. Yes, sir.

Mr. DAVIS. There is nothing to keep you from handling all the business you have and all you can get? You have already that right.

Mr. SARNOFF. If we had the time we would like to take this amendment submitted by Mr. Chindblom and put it in the shape we think would be agreeable, but I think I can state the principles of what is agreeable, leaving the matter of language to be worked out later. The Radio Corporation is agreeable to permitting the use of the naval stations for press business between now and the date of expiration of the original act, which brings the date of expiration to June 5, 1922, provided that in all cases except on the Pacific coast, to which I shall refer later, the rates to be charged by the naval stations for press service shall not in any event be less than those charged by private companies for the same or similar service. With respect to the Orient, in view of special conditions existing there, the Radio Corporation is agreeable to permitting the continued use of the naval stations for press service up to the date of June 5, 1922, without regard to the rate question. With respect to both these concessions, if I may so term them, which really are made in response to the urging of the press, and in our desire to please as many people as possible, I would like to have it emphasized, even at the risk of reiteration, that it is the understanding of the Radio Corporation that if the original act is amended in accordance with the suggestions which I have recited, that there is to be no doubt left anywhere about the fact that on June 5, 1922, all rights conferred on Government stations to handle any class of commercial radio business shall cease. If that understanding is correct, then the Radio Corporation is agreeable to waiving considerations of hearings and notice, etc., between now and June 5, 1922.

Mr. CHINDBLOM. That understanding, of course, is based upon legislation. It is not a personal understanding with this subcommittee or with the entire committee or with Congress or with anybody else. It is an understanding based upon existing legislation.

Mr. SARNOFF. We appreciate that, of course.

Mr. DAVIS. While I know of no intention to the contrary, the members of this committee can not undertake to obligate the future action of Congress.

Mr. SARNOFF. We appreciate that, too, and for that reason I endeavored to qualify our position with respect to this amendment. I am not a lawyer, I am not an expert in legal phraseology, and I do not know the possible effects of this language. I leave that with complete confidence to the gentlemen of this committee. But I do want to get on record unmistakably that if there is in this language or in any proposed language anything that may result in an amendment of the existing law in a way that would leave the slightest doubt as to when the Government stations must cease to handle commercial press, or if there is the slightest doubt as to whether the proposed amendments lead to the suggestion of Government ownership or to the suggestion of Government competition, then the Radio Corporation, in its own interest and in the interest of the public, is very definitely and strongly opposed to any such modification.

(Thereupon, at 1.25 p. m., the committee adjourned.)

MS14 22221

END OF
TITLE